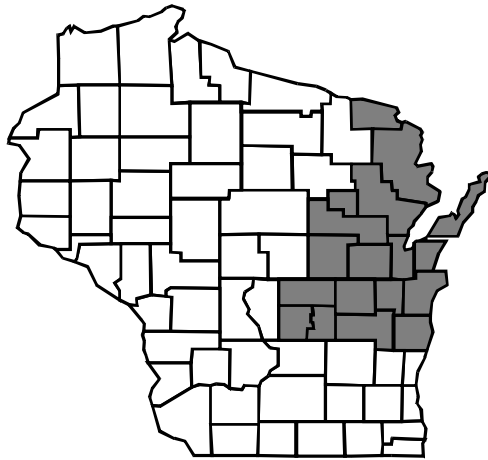


Wisconsin's New North



Historical, Comparative Economic Analysis

December - 2006

*Historical, Comparative
Economic Analysis*

**Wisconsin's
New North Region**

December - 2006

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Introduction

An individual or business is most affected by the economic condition in closest proximity to where the individual lives or the business is located. The economic growth of the local economy typically determines the standard of living for the individual and the success of the business.

Local economies throughout the United States many times behave in significant contrast to national or state trends, since national and state data are the aggregation and average of the data for thousands of small economies. Average national growth rates can be much different than local growth rates. The condition of a local economy can also be much different than neighboring counties, as each has its own characteristics and composition.

This “Historical, Comparative Economic Analysis” examines in great detail the composition, history, and trends of the New North Region economy. By examining the contents of this report, the reader can gain significant insight as to what is driving the economy and how it compares to the rest of the nation. The Analysis is composed of four distinct sections.

Section 1 presents the existing composition, impact, and history of several important economic categories. By viewing the charts and graphs provided, you can quickly discern what are the most important factors affecting the New North Region.

Section 2 examines the “Level of the Economy” by studying the growth in the “quality and size” of the economy as it influences the economic quality of life for the people living and working in the area.

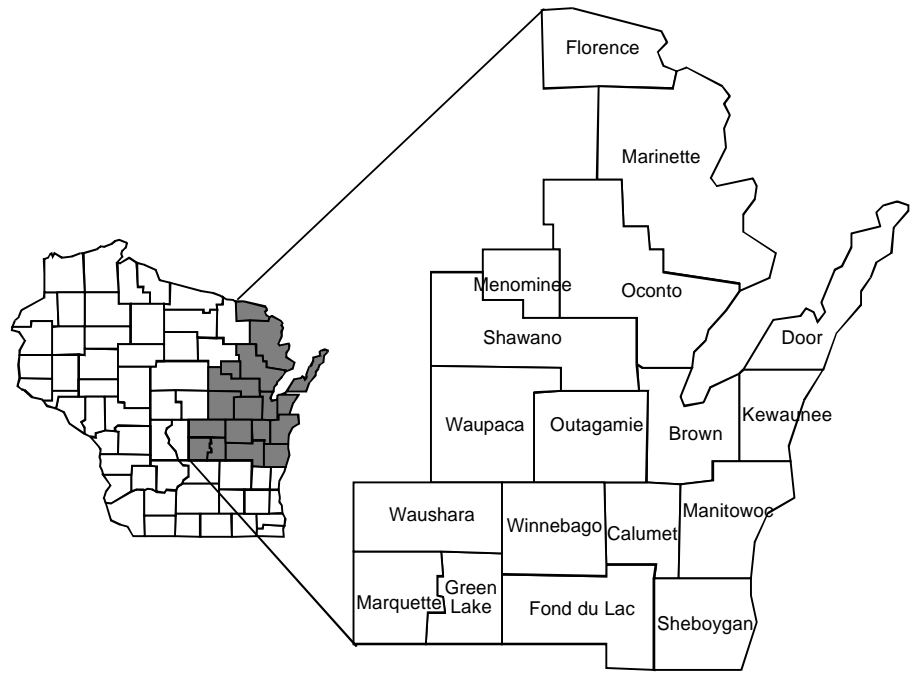
Section 3 compares the growth rate, stability, and economic importance of more than 80 items over several time periods to the rest of the nation and several local economies. You will be able to immediately discover short and long-term trends, shifts in the importance of various economic sectors, and discover how stable the economy is. Most importantly, all of the data is statistically measured against the metropolitan areas in the United States so you can quickly see how each item for the New North Region compares to the rest of the nation.

Section 4 is provided as a resource. Included is an explanation of the new “NAICS” industrial sectors.

Study Area

The geographic definition of the area examined is the “New North Region” of Wisconsin.

The New North is composed of eighteen Wisconsin counties. Within the New North Region, there are five defined Metropolitan Statistical Areas and three defined Micropolitan Statistical Areas. (A discussion regarding Metropolitan and Micropolitan areas follows.)



Each year POLICOM ranks the 361 Metropolitan and 577 Micropolitan areas for “economic strength.” Economic strength is the long term tendency for an area to consistently grow in both size and quality.¹ The following chart shows the county composition and economic strength for the New North areas. Seven counties are not in either a Metropolitan or a Micropolitan area.

Metropolitan Areas - Rank among 361 areas.	Rank	Micropolitan Areas - Rank among 577 areas.	Rank
Appleton, WI Metropolitan Statistical Area Calumet County, WI Outagamie County, WI	99	Iron Mountain, MI-WI Micropolitan Statistical Area <i>Dickinson County, MI</i> Florence County, WI	255
Fond du Lac, WI Metropolitan Statistical Area Fond du Lac County, WI	216	Manitowoc, WI Micropolitan Statistical Area Manitowoc County, WI	56
Green Bay, WI Metropolitan Statistical Area Brown County, WI Kewaunee County, WI Oconto County, WI	48	Marinette, WI-MI Micropolitan Statistical Area <i>Menominee County, MI</i> Marinette County, WI	127
Oshkosh-Neenah, WI Metropolitan Statistical Area Winnebago County, WI	107	Non Metro - Non Micro Counties in New North	
Sheboygan, WI Metropolitan Statistical Area Sheboygan County, WI	111	Green Lake County, WI Marquette County, WI Wasushara County, WI Waupaca County, WI Shawano County, WI Menominee County, WI Door County, WI	

¹ For a complete explanation of the methodology used to create economic strength rankings, please go to www.policom.com.

To create data for the New North Region, data for all eighteen component counties was extracted and aggregated. All “per capita’s” and “averages” were calculated after the aggregation.

Database

The economic database used to prepare this Analysis is maintained and published by the United States Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. The Bureau of Economic Analysis is the official economic data gathering agency for the Federal Government.

This database was chosen for three reasons.

- 1) It is composed of “source data” which has been taken from the administrative records of numerous government agencies as opposed to monthly surveys and polls.
- 2) The data has been collected and analyzed utilizing a reasonably consistent methodology over the entire term of the study period.
- 3) The economic data is historically cumulative relative to the geographic definition of the area.

Due to the time necessary for the various government agencies to collect and collate the economic data, the Bureau of Economic Analysis is unable to publish the results until approximately eighteen months after the end of a calendar year. As an example, many of the elements of the data, such as “proprietors income,” are taken from personal income tax filings. Since final 2004 income tax reports (extended filings) are not due until August of 2005, it is reasonable to understand this data is not immediately available.

The economic history included in this analysis spans the years 1973 through 2004 and was released June, 2006. The data for 2005 is scheduled for release in mid-2006.

North American Industrial Classification System (NAICS) vs. Standard Industrial Classification System (SIC).

Earnings and employment data is collected from private employers, principally through the unemployment compensation program. Data for proprietors is gleaned from personal income tax filings. When reporting, the employer identifies the “nature” of its business, its industrial activity. The data is then collated based upon industrial classification.

Until 2001, employers reported using the Standard Industrial Classification System (SIC). SIC had been used in one form or another for more than forty years. As an example, if the company manufactured automobiles, it was classified “371- Manufacturing - Motor vehicles and equipment.” Under SIC, there were approximately 1,400 industrial classifications.

Beginning in 2001, data has been collected using a new system: North American Industrial Classification System (NAICS). In cooperation with Canada and Mexico, the United States has changed the industrial classifications. Under NAICS, there are about 2,200 industrial classifications. The manufacturer of automobiles is now classified as “3361 - Motor Vehicle Manufacturing.”

The two systems are not directly “convertible.” This means you cannot take data from one “like sounding” classification under SIC and assume it was collected in the manner as NAICS.

One of the most important feature of NAICS is the data collected is based upon the “actual” activity being conducted at a free standing location. Under SIC, all workers for a company were classified for their work activity under the overall general business of the company. As an example, all workers for the Ford Motor Company were classified as 371- Manufacturing - Motor vehicles and equipment. Not only were people who worked in the factories making cars considered manufacturing workers, but also the individuals working in the corporate headquarters, even though none of them actually made a car.

Under NAICS, the people working in the factory are classified as 3361 - Motor Vehicle Manufacturing, but the people working in the headquarters are now classified as “5511 - Management of Companies and Enterprises.”

As a result, the quality of the data being collected under NAICS is much better. However, since the two systems are not compatible, the annual data series at the industry level cannot be continued from SIC (ending in 2000) to NAICS (beginning with 2001 data).

Both systems are used in the report. Data for various items will “toggle” back and forth. For data ending with 2000, it will be relative to SIC. For all 2004 data provided, the NAICS system is in use. Total worker employment and earnings, along with Government Transfers are the same for NAICS and SIC and will include 2004.

Data Suppression

Federal and state laws require employers to report the number of employees and their respective earnings for the administration of various government programs such as the Unemployment Compensation program. It is from this reporting most economic data is created. However, the privacy of individual employers is protected. The law provides that if, through a reasonable effort, the actual number of employees or the actual wages paid by a private company can be determined from the publication of economic data, then that data must be withheld from the public. The data is suppressed.

Throughout this Analysis, especially in Section 1 and Section 3, there will be “gaps” in a data series in a graph, an “na” might appear instead of a number, or a “0” will be in a column. This is the result of data suppression to protect the privacy of a private employer.

Since NAICS has considerably more industrial classifications, data suppression will be more prevalent than under SIC.

Metropolitan – Micropolitan Areas

As a result of the 2000 census, the Office of Management and Budget (OMB) created new geographic definitions for the Metropolitan areas in the United States. Prior to these changes there were 318 defined areas.

Additionally, an entirely new set of areas was created now know as Micropolitan Statistical Areas. For the geographic definitions of all metropolitan areas, go to www.policom.com.

Metropolitan Statistical Areas have at least one urbanized area with a population of at least 50,000, plus adjacent territory (counties) which have a high degree of social and economic integration with the core as measured by commuting ties. They must have at minimum one county but most often include several counties.

There are now 361 Metropolitan Statistical Areas (hereafter called METROS) in the United States plus 8 in Puerto Rico for an overall total of 369. Only those in the United States are used for ranking purposes. Among the 3,142 counties in the United States, 1,090 are included in the 361 areas. Approximately 82% of the nation’s population resides in the METROS.

Micropolitan Statistical Areas did not exist prior to the new definitions.

Once looked upon as quasi rural areas, a Micropolitan Statistical Area must have an urbanized area (city) with a population of at least 10,000 but fewer than 50,000 people. They must be at least one county and most are a single county. Among the 3,142 counties in the United States, 674 of them are included in Micropolitan Statistical Areas (hereafter called MICROS).

The OMB has identified 577 MICROS in the United States and 5 in Puerto Rico for a total of 582. Only those in the United States are ranked. Approximately 11% of the nation's population resides in the MICROS.

For ranking purposes, if the study area is MICRO, it is compared and ranked as a MICRO. If it is a METRO, it is compared and ranked as a METRO. If it is neither, it is ranked as a MICRO.

About POLICOM Corporation

POLICOM Corporation is an independent economic research firm, which specializes in analyzing local and state economies. Its products and services evaluate the economic condition of counties, metropolitan areas, and states, determine what is the cause of the condition, and offers suggestions and ideas on how to improve or maintain the economic “quality of life” for the residents.

Some of the company’s services include:

- Presentations and workshops for communities and state and national associations.
- Community Economic Analysis, Goal Setting, and Target Industry Studies.
- Strategic Plan of Action to improve the economy of a local area.
- Customized Economic Reports for communities.

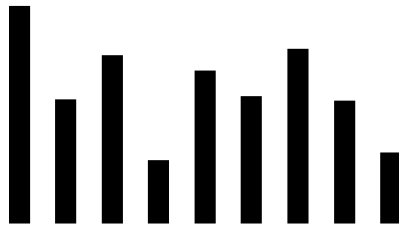
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Section 1



Components and History

Wisconsin's New North Region

Components and History of the Economy

Every local economy in the nation has its own characteristics. Its rate of growth, composition, consistency, and success will be different from other economies not only within the state but even its next door neighbor.

This Section examines the composition of the New North Region economy. Through a review of the employment and earnings of the various industries, the most important elements of the economy can be discovered.

As previously mentioned in the Introduction, the classification system for industrial activity has changed from the Standard Industrial Classification System (SIC) to the North American Industrial Classification (NAICS). Data from 1973 through 2000 is based upon SIC. Data henceforth is based upon NAICS. The only direct compatibility between the two systems is for total employment, total earnings, and earnings per worker. (Be sure to read this part of the Introduction so you can better interpret the information in this Analysis.)

Section 1 will utilize both SIC and NAICS. Both data sets will be used to visually show the history of the growth of the various industries.

SIC data will include 14 different “industries” (four government levels). NAICS data will include 24 industry “sectors.” Since there are more first tier categories under NAICS, **data suppression is more frequent**. If “na” or a “0” appears in a column, the data was suppressed or withheld to protect the privacy of an employer or there was too little data to report.

A general description of the NAICS industry sectors is included in Section 4.

History and Components

The following are the fourteen categories examined in detail using the Standard Industrial Classification System data. NAICS based data is also provided under each general industry classification.

Employment – In which industries are the jobs located?

Earnings – The volume of money earned in each industry.

Earnings Per Worker – Which industry pays the most, the least?

Total Personal Income – Its composition can tell a lot about the local economy.

Construction Earnings - Extremely reactive to the condition of a local economy.

Manufacturing Earnings – The most important contributory industry in most economies.

Transportation, Communications, & Public Utilities Earnings – This sector has been split into two parts.

Retail Trade Earnings – Discover the spending habits and trends in the local area.

Finance, Insurance, Real Estate – A mixer of wealth in a local economy.

Services Earnings – Under SIC, far and away the largest industry, but has been split into multiple sectors under NAICS.

Government Earnings – Which level of government is the most dominant?

Government Transfers – Have significant influence on most local economies.

Per Capita Government Transfers – How dependent is the area on transfers?

For NAICS based data, the 2004 actual amount is provided along side the percentage the item is of the total for the category. Additionally, the actual amount and percentage for the United States is shown to provide a comparison regarding the percentage of importance. The following is an example:

<u>Employment - NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
<u>Manufacturing</u>	<u>9,844</u>	<u>26.5%</u>	<u>15,120,300</u>	<u>9.0%</u>

For data based upon SIC, 2000 data is provided along with the percentage of influence or contribution each has on the local economy and for the total of the United States. The following is an example:

<u>Employment - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
<u>Manufacturing</u>	<u>15,482</u>	<u>36.9%</u>	<u>19,114,800</u>	<u>11.5%</u>

As a result of data suppression, the percentages will not total 100%. A “0” or an “na” will appear in the chart if the data has been withheld. The history of each is provided graphically using data from 2001 through 2004 for NAICS and from 1973 through 2000 for SIC. Due to data suppression, there will be “gaps” in the graphs. Typically, small communities have the most data suppression.

Employment data at the Subsector level is not available. Only earnings data is provided.

Employment

Employment includes all full and part-time Wage and Salaried Workers and proprietors. Wage and Salaried workers are those who work for others; a corporation, sole proprietor, or a partnership.

Nonfarm Proprietors are typically the small business people in an area. They are unincorporated businesses, sole proprietorships, and the general partners of partnerships.

Under SIC, Services overwhelmingly dominated the various industries in employment. However, Services has been split into several industry sectors under NAICS.

The chart provides the estimated number of people employed in each NAICS and SIC industry. The **Area %** is the percentage the employment in each industry is of All Workers in the area.

The line graph shows the total number of workers from 1973 to 2004. This includes both SIC and NAICS data as at this level, they are comparable.

New North

<u>Employment - NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
All Workers	755,764		170,091,500	
Wage & Salaried Workers	634,033	83.9%	138,769,000	81.6%
Nonfarm proprietors	104,348	13.8%	29,189,500	17.2%
Manufacturing	145,330	19.2%	14,876,100	8.7%
Retail Trade	87,681	11.6%	18,771,900	11.0%
Health Care and Social Assistance	66,187	8.8%	16,884,400	9.9%
Local Government	56,217	7.4%	13,771,000	8.1%
Accommodation and Food Services	54,158	7.2%	11,480,100	6.7%
Construction	46,304	6.1%	10,195,800	6.0%
Other Services	39,642	5.2%	9,661,400	5.7%
Finance and Insurance	34,204	4.5%	8,053,900	4.7%
Administrative and Waste Services	29,341	3.9%	10,288,900	6.0%
Professional and Technical Services	24,589	3.3%	10,803,100	6.4%
Farm	23,880	3.2%	2,969,000	1.7%
Transportation and Warehousing	17,519	2.3%	5,360,600	3.2%
Real Estate, Rental and Leasing	16,681	2.2%	6,289,900	3.7%
Wholesale Trade	12,896	1.7%	6,192,600	3.6%
Arts, Entertainment, and Recreation	12,024	1.6%	3,456,600	2.0%
Information	10,556	1.4%	3,534,600	2.1%
State Government	9,868	1.3%	5,082,000	3.0%
Educational Services	9,088	1.2%	3,437,900	2.0%
Management of Companies	8,919	1.2%	1,764,100	1.0%
Military	4,117	0.5%	2,082,000	1.2%
Federal, civilian	3,611	0.5%	2,731,000	1.6%
Forestry, Fishing, Agricultural Services	1,864	0.2%	979,300	0.6%
Utilities	1,346	0.2%	582,300	0.3%
Mining	853	0.1%	843,000	0.5%

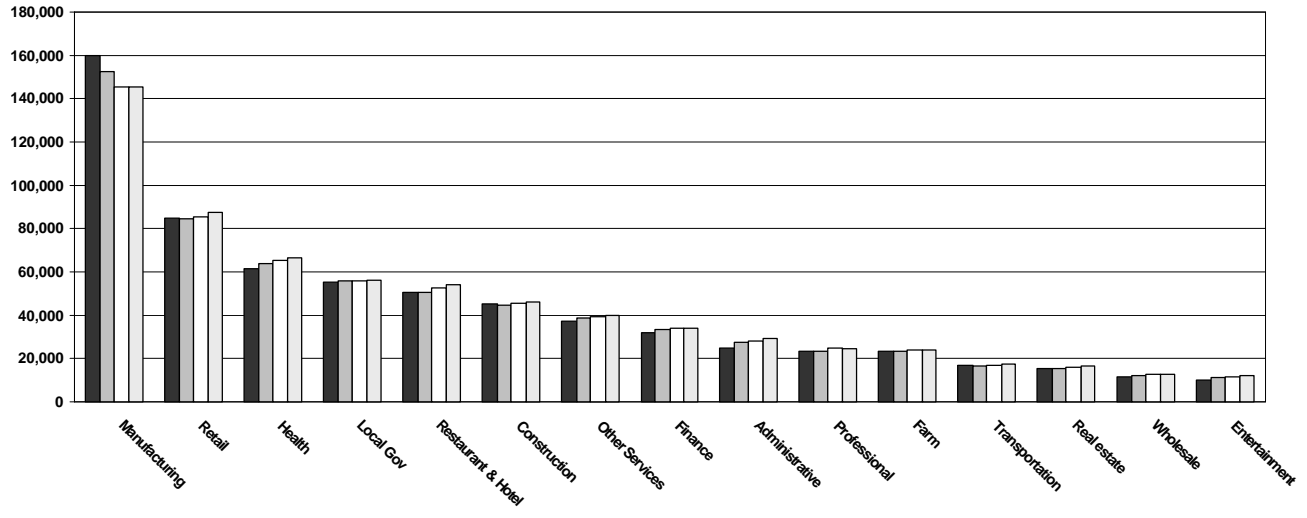
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<u>Employment - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
All Workers	740,814		166,758,800	
Wage & Salaried Workers	633,198	85.5%	139,002,000	83.4%
Nonfarm proprietors	89,899	12.1%	25,536,800	15.3%
Manufacturing	175,331	23.7%	19,114,800	11.5%
Services	173,841	23.5%	52,990,800	31.8%
Retail	124,675	16.8%	27,222,300	16.3%
Local	59,629	8.0%	13,028,000	7.8%
FIRE	46,382	6.3%	13,193,800	7.9%
Construction	44,127	6.0%	9,446,300	5.7%
Trans. Comm, Pub Utilities	36,224	4.9%	8,244,400	4.9%
Wholesale	28,421	3.8%	7,584,100	4.5%
Farm	23,737	3.2%	3,113,000	1.9%
State	10,154	1.4%	4,949,000	3.0%
Ag Services	6,554	0.9%	2,121,100	1.3%
Federal Civilian	4,148	0.6%	2,892,000	1.7%
Military	4,089	0.6%	2,075,000	1.2%
Mining	765	0.1%	784,200	0.5%

Employment - NAICS

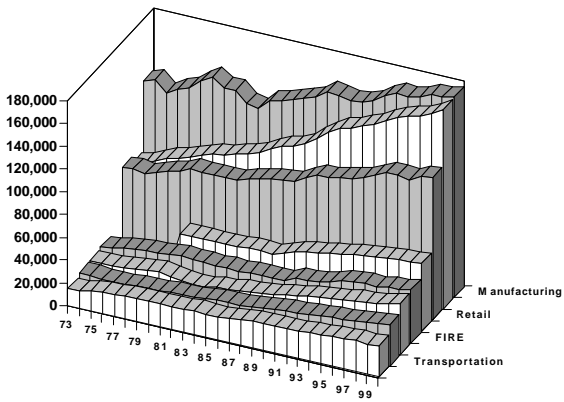
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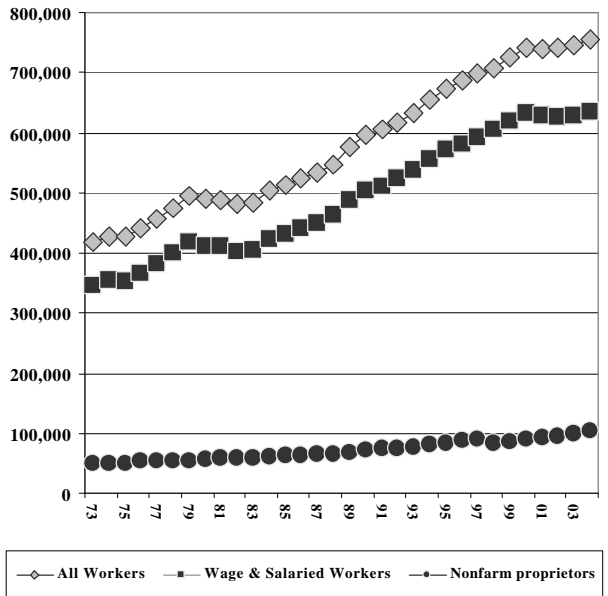


**Employment - SIC
New North**

1973-2000



New North Employment - 1973 - 2004



Earnings

Earnings include all wages and salaries paid to individuals who work for others and the profits of proprietors. It does not include the earnings or profits of corporations located in the area. Data for proprietor profits is principally gleaned from personal income tax filings while wages and salaries are taken from the administrative records filed by the employer with various government agencies.

For Wage & Salaried Workers, earnings principally represent the actual salary or hourly wage payment. For All Workers and all the industries, earnings also include contributions to private retirement programs, fees paid to members of boards of directors, and sometimes other financial benefits.

While Services under SIC was typically the largest employer, many times another industry, which pays a higher earnings per worker, will account for the greatest percentage of earnings in an area.

The **Area %** is the percentage the earnings in each industry are of the earnings of All Workers in the area.

New North

<u>Earnings - NAICS - (000)</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
All Workers	28,841,972		7,569,588,000	
Wage & Salaried Workers	21,040,093	72.9%	5,383,900,000	71.1%
Nonfarm proprietors	2,163,679	7.5%	853,807,000	11.3%
Manufacturing	8,501,637	29.5%	978,897,000	12.9%
Health Care and Social Assistance	2,755,342	9.6%	704,621,000	9.3%
Local Government	2,445,623	8.5%	643,497,000	8.5%
Construction	2,053,596	7.1%	467,675,000	6.2%
Retail Trade	1,817,418	6.3%	501,557,000	6.6%
Finance and Insurance	1,539,522	5.3%	573,173,000	7.6%
Professional and Technical Services	1,029,130	3.6%	676,279,000	8.9%
Transportation and Warehousing	801,731	2.8%	249,591,000	3.3%
Management of Companies	733,971	2.5%	163,941,000	2.2%
Wholesale Trade	650,465	2.3%	390,939,000	5.2%
Accommodation and Food Services	633,254	2.2%	207,812,000	2.7%
Administrative and Waste Services	606,282	2.1%	279,234,000	3.7%
Other Services	605,954	2.1%	225,729,000	3.0%
Information	482,912	1.7%	282,840,000	3.7%
Farm	447,556	1.6%	64,013,000	0.8%
State Government	433,501	1.5%	245,999,000	3.2%
Real Estate, Rental and Leasing	290,769	1.0%	195,308,000	2.6%
Arts, Entertainment, and Recreation	267,022	0.9%	80,839,000	1.1%
Federal, civilian	258,798	0.9%	240,565,000	3.2%
Educational Services	195,409	0.7%	100,706,000	1.3%
Military	146,122	0.5%	120,585,000	1.6%
Utilities	114,583	0.4%	79,496,000	1.1%
Forestry, Fishing, Agricultural Services	42,160	0.1%	26,551,000	0.4%
Mining	26,953	0.1%	69,741,000	0.9%

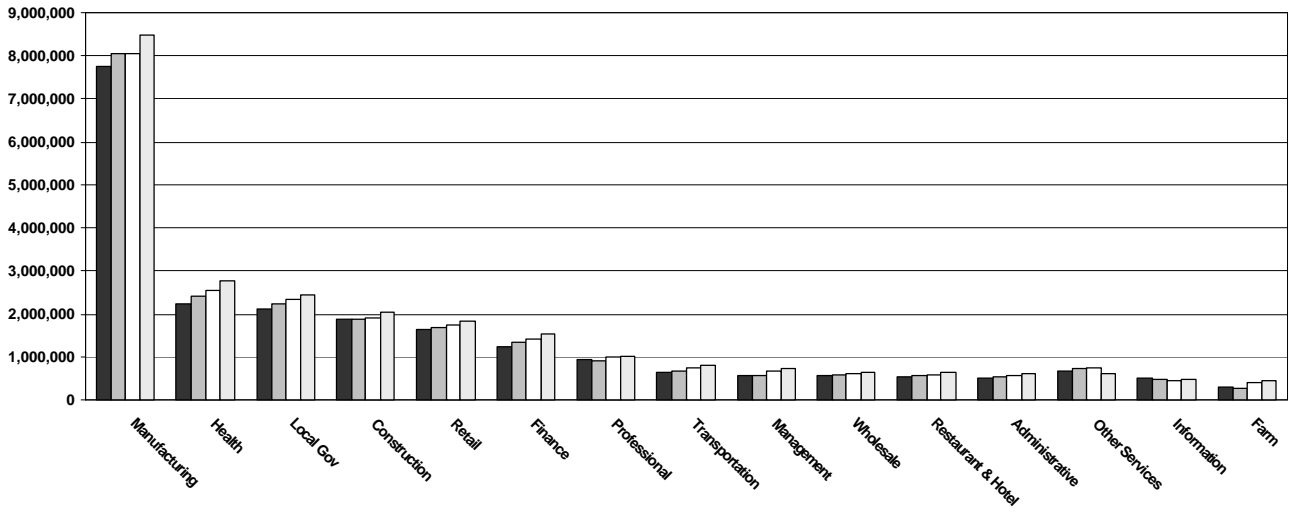
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<u>Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
All Workers	24,381,205		6,504,679,000	
Wage & Salaried Workers	18,571,759	76.2%	4,825,906,000	74.2%
Nonfarm proprietors	1,872,405	7.7%	705,695,000	10.8%
Manufacturing	8,252,676	33.8%	1,070,783,000	16.5%
Services	4,648,377	19.1%	1,856,686,000	28.5%
Local	2,179,908	8.9%	514,370,000	7.9%
Retail	2,039,699	8.4%	558,078,000	8.6%
Construction	1,875,331	7.7%	381,948,000	5.9%
Trans, Comm, Pub Utilities	1,614,025	6.6%	441,751,000	6.8%
FIRE	1,391,930	5.7%	643,378,000	9.9%
Wholesale	1,183,679	4.9%	406,141,000	6.2%
State	352,981	1.4%	202,577,000	3.1%
Farm	287,297	1.2%	44,482,000	0.7%
Federal Civilian	231,935	1.0%	199,008,000	3.1%
Agricultural Services	112,726	0.5%	43,982,000	0.7%
Military	68,421	0.3%	79,637,000	1.2%
Mining	35,629	0.1%	61,858,000	1.0%

Earnings - NAICS - (000)

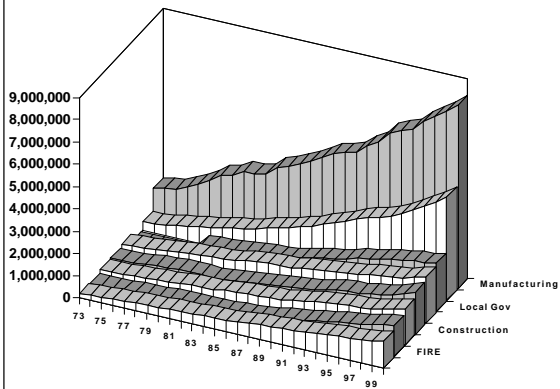
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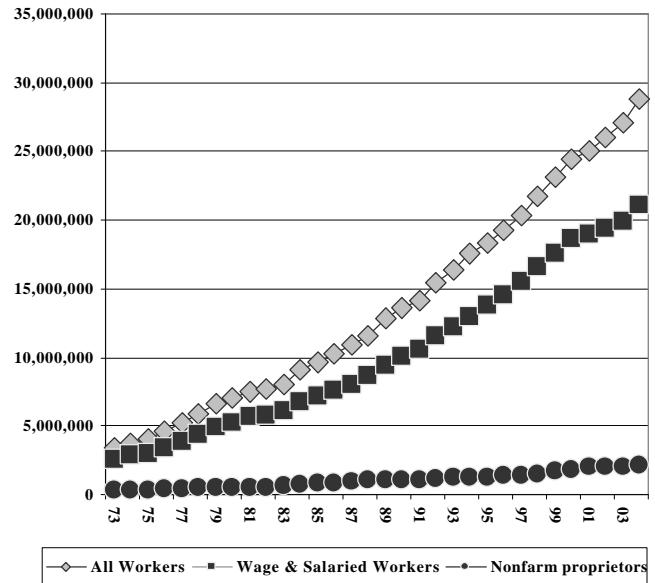


1973-2000 Earnings (000) - SIC

New North



New North Earnings - 1973 - 2004



Earnings per Worker - Wages

Earnings Per Worker is the estimate of the average annual earnings of the employees in each of the various industries, derived by dividing the total earnings by the total employment in each industry.

Nationally, under NAICS, the Utilities Sector has the highest annual wage among the industries, which is also many times the case in a local economy. Usually, Services, Retail, and Agricultural Services have the lowest earnings per worker in an area.

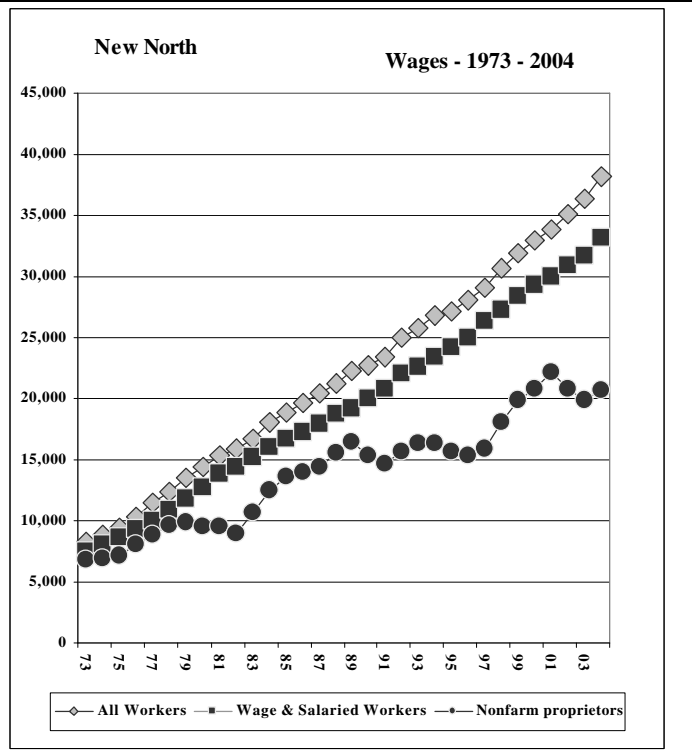
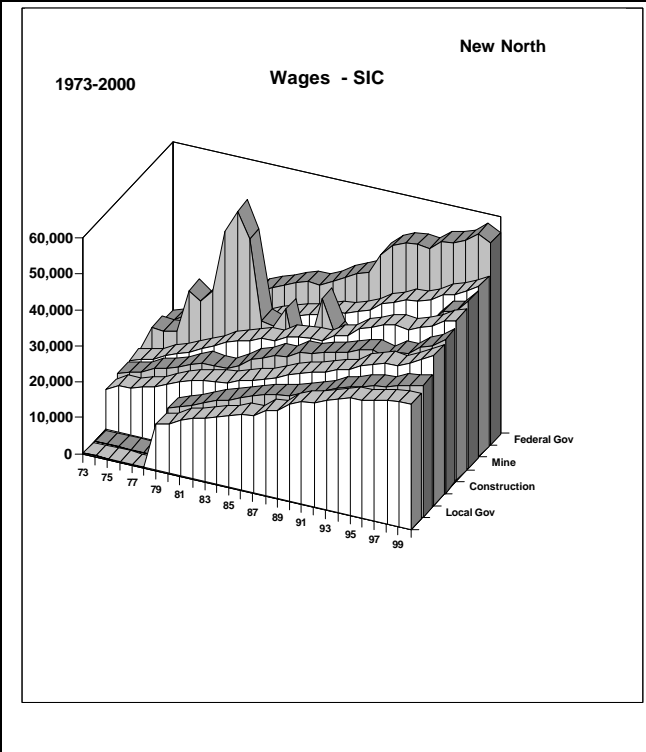
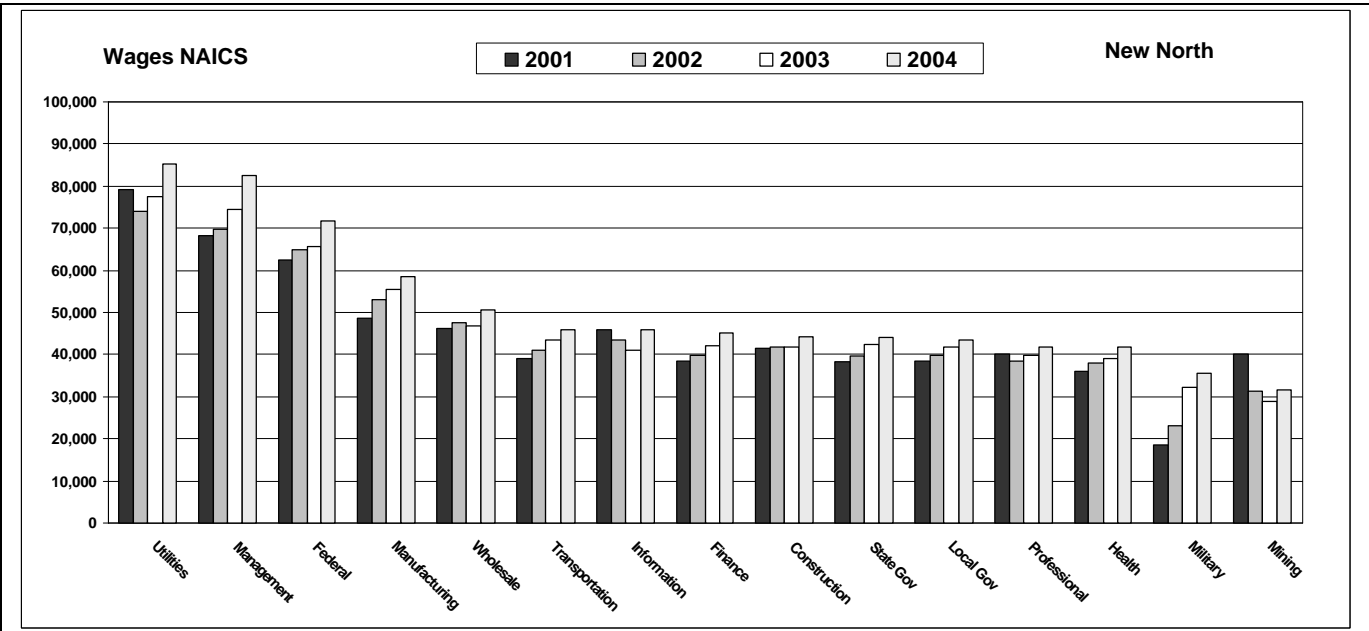
The **Area %** is the percentage each industry's annual wage is of the average for the area.

New North

<u>Wages NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
All Workers	38,163		44,503	
Wage & Salaried Workers	33,185	87.0%	38,798	87.2%
Nonfarm proprietors	20,735	54.3%	29,250	65.7%
Utilities	85,129	223.1%	136,521	306.8%
Management of Companies	82,293	215.6%	92,932	208.8%
Federal, civilian	71,669	187.8%	88,087	197.9%
Manufacturing	58,499	153.3%	65,803	147.9%
Wholesale Trade	50,439	132.2%	63,130	141.9%
Transportation and Warehousing	45,764	119.9%	46,560	104.6%
Information	45,748	119.9%	80,020	179.8%
Finance and Insurance	45,010	117.9%	71,167	159.9%
Construction	44,350	116.2%	45,869	103.1%
State Government	43,930	115.1%	48,406	108.8%
Local Government	43,503	114.0%	46,728	105.0%
Professional and Technical Services	41,853	109.7%	62,600	140.7%
Health Care and Social Assistance	41,630	109.1%	41,732	93.8%
Military	35,492	93.0%	57,918	130.1%
Mining	31,598	82.8%	82,730	185.9%
Forestry, Fishing, Agricultural Services	22,618	59.3%	27,112	60.9%
Arts, Entertainment, and Recreation	22,207	58.2%	23,387	52.6%
Educational Services	21,502	56.3%	29,293	65.8%
Retail Trade	20,728	54.3%	26,718	60.0%
Administrative and Waste Services	20,663	54.1%	27,139	61.0%
Farm	18,742	49.1%	21,560	48.4%
Real Estate, Rental and Leasing	17,431	45.7%	31,051	69.8%
Other Services	15,286	40.1%	23,364	52.5%
Accommodation and Food Services	11,693	30.6%	18,102	40.7%

New North

<u>Wages - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
All Workers	33,879		39,007	
Wage & Salaried Workers	30,026	88.6%	34,718	89.0%
Nonfarm proprietors	22,184	65.5%	27,634	70.8%
Federal Civilian	55,915	165.0%	68,813	176.4%
Manufacturing	47,069	138.9%	56,019	143.6%
Mining	46,574	137.5%	78,880	202.2%
Trans, Comm, Pub Utilities	44,557	131.5%	53,582	137.4%
Construction	42,498	125.4%	40,434	103.7%
Wholesale	41,648	122.9%	49,263	126.3%
Local	36,558	107.9%	39,482	101.2%
State	34,763	102.6%	40,933	104.9%
FIRE	30,010	88.6%	48,764	125.0%
Services	26,739	78.9%	35,038	89.8%
Agricultural Services	17,200	50.8%	20,735	53.2%
Military	16,733	49.4%	38,379	98.4%
Retail	16,360	48.3%	20,501	52.6%
Farm	12,103	35.7%	14,289	36.6%



Total Personal Income

Total Personal Income (TPI) is defined as the "income received by, or on behalf of, all the residents of the area." There are three distinct ingredients to TPI: 1) Earnings by place of residence, 2) Dividends, Interest, and Rents (passive income), and 3) Government Transfers.

Earned income is the amount of money garnered by an individual through active work during the course of the year. It includes personal wages, salaries, and profits by proprietors. Earned income, for the purpose of calculating Total Personal Income, is derived from earnings by "place of residence" (the county from which individuals file their personal income tax), not "place of work."

All previous data regarding employment and earnings was based upon "place of work," the county where the job is actually located.

Passive income includes money earned from investments, rentals, bank interest, and private retirement plans. It can be stock dividends or simply life insurance benefits. Data for passive income is mainly gathered from personal income tax filings. It cannot be assumed an area's economy benefits from high earnings in this part of the TPI, nor can it be presumed high earnings in this category are a result of the condition of a local economy.

Government transfers are principally payments to individuals residing in the area from the various federal, state, and local government "entitlement" programs. The largest of these programs include 1) social security and disability programs, 2) medical payments (Medicare and Medicaid), 3) income maintenance (welfare), 4) unemployment compensation, and 5) veterans benefits.

From the ratio of the three components of Total Personal Income, certain characteristics of a local economy can be deduced. Typically, areas, which have government transfers greater than 20% of the TPI, have a high retirement population (Social Security & Medicare), a distressed economy (Medicaid and Income Maintenance), or a combination of both.

Areas in which Dividends, Interest, and Rents account for more than 22% of the TPI have a resident population which is affluent (well invested), a high retirement population, or both.

Typically, strong economies have greater than 70% of the TPI attributed to earnings and less than 11% for Government Transfers.

The following is the average percentage for the ten strongest and ten weakest metropolitan area economies (See Section 2 for a list of these areas).

<u>% of TPI</u>	<u>STR METRO</u>	<u>WK METRO</u>	<u>STR MICRO</u>	<u>WK MICRO</u>
Earnings	74.1%	64/5%	65.4%	59.9%
Int, Div, Rts.	14.6%	14.5%	20.7%	13.2%
Transfers	11.3%	21.0%	14.0%	26.9%

Over the last 30 years there has been a dramatic shift in the ratio of the three components. Government Transfers have grown significantly in their influence on local economies. Additionally, as a result of the recent growth in the stock market, Dividends, Interest, and Rents has also grown proportionately. Earnings as a component of the nation’s TPI have declined significantly.

The following chart shows the actual Total Personal Income and the percentage of each component for the New North Region and the United States.

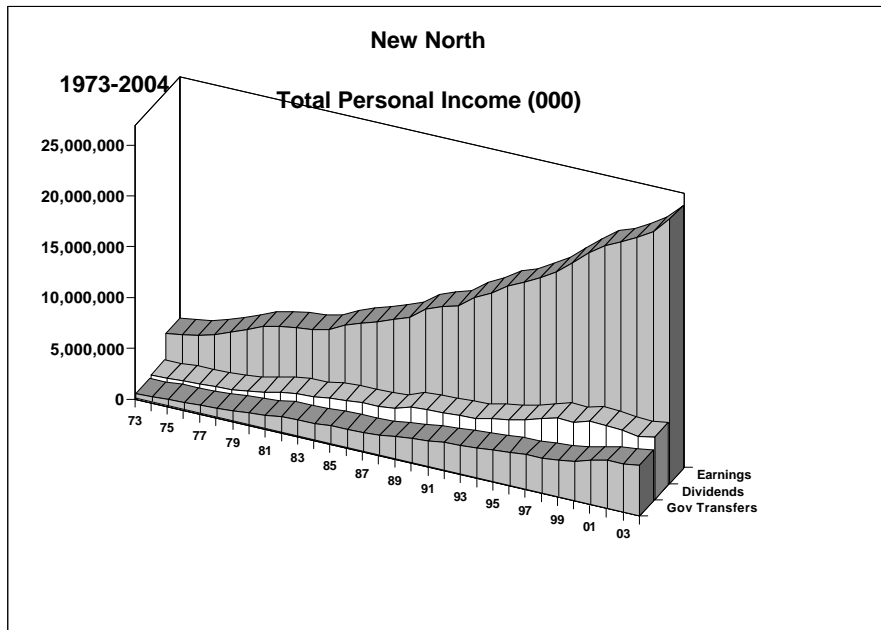
For Total Personal Income, NAICS and SIC do not influence the data. One chart and graph is provided for all years.

New North

<u>Total Personal Income (000)</u>	<u>2004</u>	<u>Area %</u>	<u>USA</u>	<u>USA %</u>
Total Personal Income	37,209,120		9,151,694,000	
Earnings By Residence	26,017,569	69.9%	6,340,842,000	69.3%
Dividends, Interest, Rents	6,154,334	16.5%	1,475,529,000	16.1%
Government Transfers	5,037,217	13.5%	1,335,323,000	14.6%

<u>History of Percentage - Area</u>	<u>2004</u>	<u>1994</u>	<u>1984</u>	<u>1974</u>
Earnings By Residence	69.9%	68.8%	66.1%	73.0%
Dividends, Interest, Rents	16.5%	18.3%	20.5%	16.0%
Government Transfers	13.5%	12.8%	13.5%	11.0%

<u>History of Percentage - USA</u>	<u>2004</u>	<u>1994</u>	<u>1984</u>	<u>1974</u>
Earnings By Residence	69.5%	67.5%	68.0%	75.0%
Dividends, Interest, Rents	15.8%	18.3%	19.8%	14.0%
Government Transfers	14.7%	14.2%	12.2%	11.0%



Construction Earnings

Within the construction industry, there are three basic sub-sectors. Heavy contractors are principally involved in the construction of large projects such as roadways, bridges, office buildings, or factories. General contractors are mainly homebuilders, but also construct small commercial or apartment buildings, and do renovation of existing structures.

Special trade contractors typically are subcontractors for both heavy and general contractors. Known as the “trades,” they do most of the actual work on construction projects. Ranging from earthmovers to plumbers to carpet layers to roofers, special trade contractors usually account for more than half of the earnings in the construction industry. Many special trade contractors are sole proprietors.

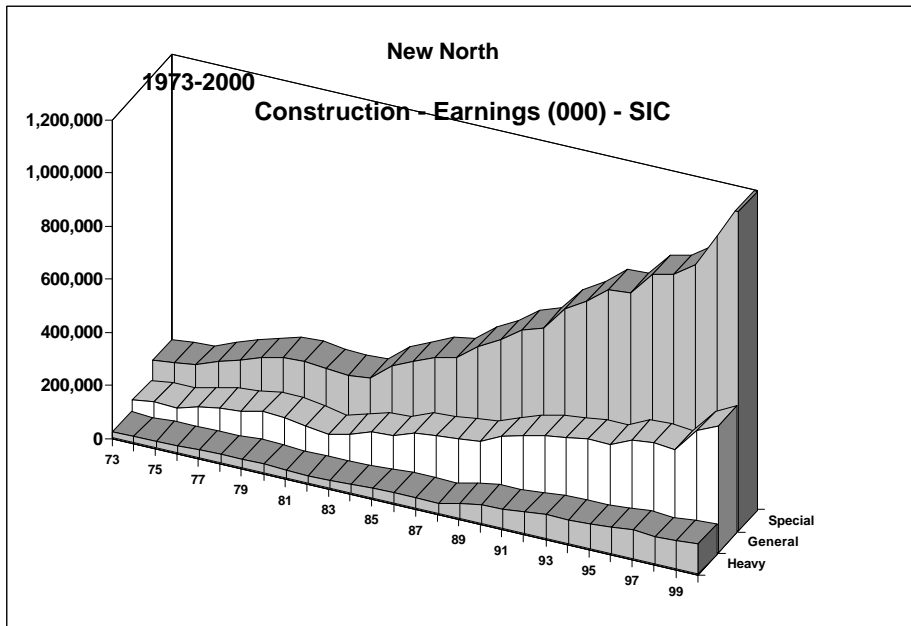
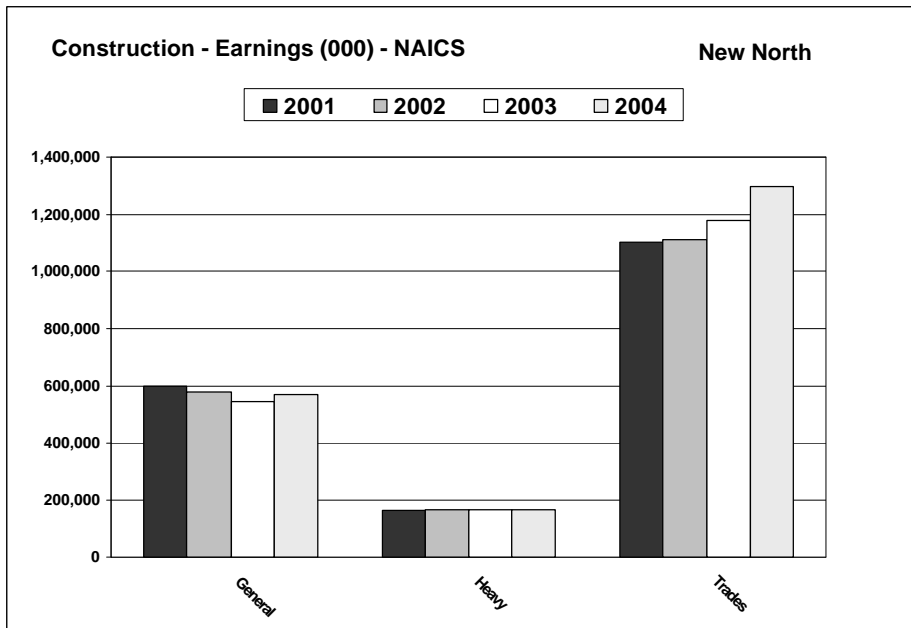
The construction industry is extremely “reactive” to the condition of the local economy. In most economies, it is solely dependent upon the growth of other industries, generating the demand for additional housing and commercial establishments, within an area.

When examining the earnings graph for this industry, note upward spikes in the earnings of heavy contractors. This is an indication a major construction project occurred during this time period. The **Area %** denotes the percentage each category is of the total earnings in the construction industry.

New North

<u>Construction - Earnings (000) - NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
Total Earnings	2,053,596		467,675,000	
General Contractors	569,674	27.7%	146,310,000	31.3%
Heavy Contractors	168,812	8.2%	62,115,000	13.3%
Special Trade Contractors	1,295,203	63.1%	259,250,000	55.4%

<u>Construction - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	1,875,331		381,948,000	
Special Trade Contractors	1,221,349	65.1%	246,715,000	64.6%
General Contractors	476,961	25.4%	88,875,000	23.3%
Heavy Contractors	115,027	6.1%	46,358,000	12.1%



Manufacturing Earnings

The manufacturing sector is divided into two groups, durable and nondurable goods. Durable goods, like their name suggests, are designed to last for a long period of time (minimum of three years). Automobiles, machinery, computers, and washing machines are durable goods. Nondurable goods typically have a short life span and are quickly consumed. Food, plastic cups, paper, and clothing are examples. Wages paid in durable goods are typically much higher than nondurable goods.

Manufacturing is composed of multiple sub-sectors. Since there are so many sub-sectors, data suppression is frequent. Oftentimes in a local economy, one large employer might dominate a particular category. As a result, the data for that category is withheld. While the data is suppressed on the category level, the earnings for the suppressed categories are included in the Total Earnings.

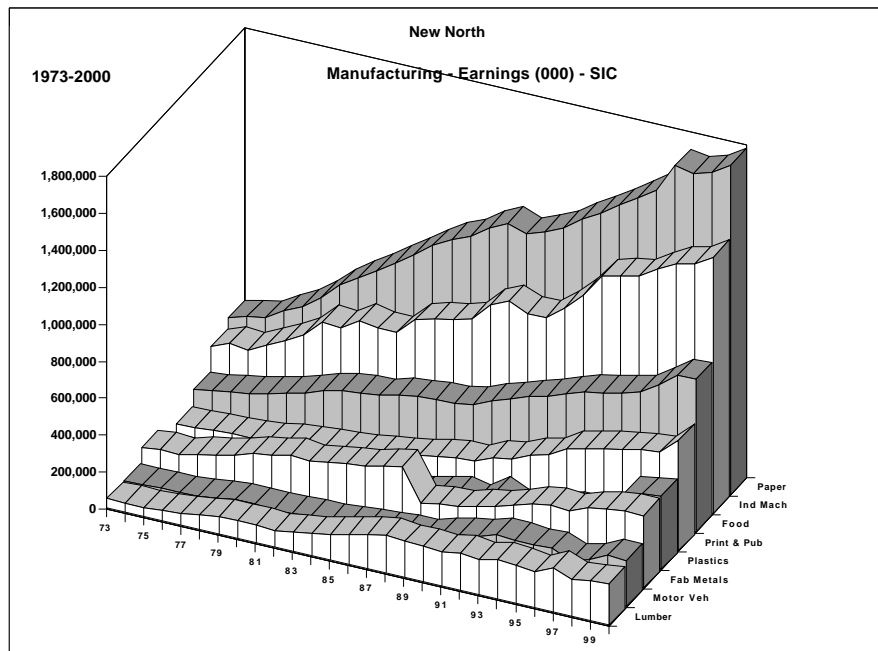
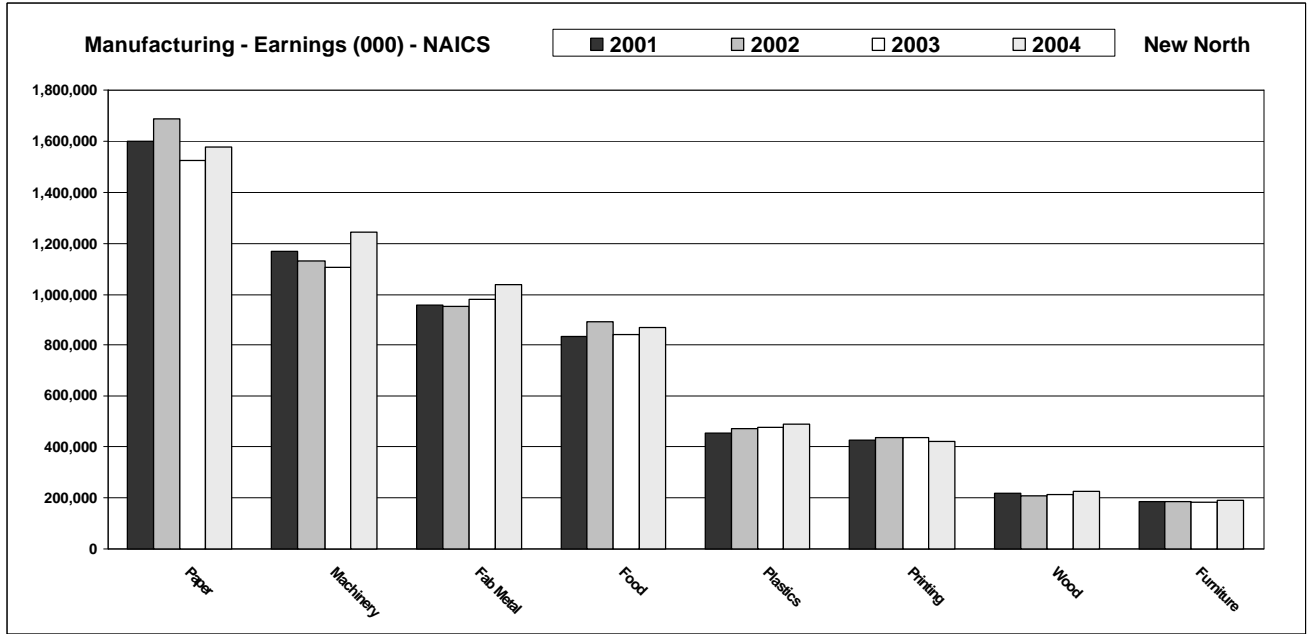
The **Area %** denotes the percentage each category is of the total earnings in manufacturing. Due to data suppression, this column might not total 100%.

New North

<u>Manufacturing - Earnings (000) - NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
Manufacturing	8,501,637		978,897,000	
Durable goods manufacturing	4,452,430	52.4%	629,514,000	64.3%
Nondurable goods manufacturing	3,758,219	44.2%	349,383,000	35.7%
Paper manufacturing	1,575,932	18.5%	34,937,000	3.6%
Machinery manufacturing	1,241,397	14.6%	78,597,000	8.0%
Fabricated metal product manufacturing	1,039,860	12.2%	80,445,000	8.2%
Food manufacturing	869,351	10.2%	68,990,000	7.0%
Plastics and rubber products manufacturing	489,440	5.8%	41,587,000	4.2%
Printing and related support activities	422,685	5.0%	36,314,000	3.7%
Wood product manufacturing	225,415	2.7%	24,259,000	2.5%
Furniture and related product manufacturing	190,620	2.2%	23,945,000	2.4%
Chemical manufacturing	169,054	2.0%	94,888,000	9.7%
Miscellaneous manufacturing	153,112	1.8%	52,479,000	5.4%
Primary metal manufacturing	148,037	1.7%	33,303,000	3.4%
Nonmetallic mineral product manufacturing	80,359	0.9%	28,731,000	2.9%
Textile mills	32,517	0.4%	10,238,000	1.0%
Beverage and tobacco product manufacturing	15,789	0.2%	16,139,000	1.6%
Textile product mills	14,057	0.2%	6,885,000	0.7%
Apparel manufacturing	12,484	0.1%	11,694,000	1.2%
Electrical equipment and appliance manufacturing	8,064	0.1%	29,141,000	3.0%
Computer and electronic product manufacturing	6,809	0.1%	126,835,000	13.0%
Transportation equipment mfg. excl. motor vehicles	2,392	0.0%	59,080,000	6.0%
Leather and allied product manufacturing	1,124	0.0%	2,106,000	0.2%
Motor vehicle manufacturing	0	0.0%	92,699,000	9.5%
Petroleum and coal products manufacturing	0	0.0%	25,605,000	2.6%

New North

<u>Manufacturing - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	8,252,676		1,070,783,000	
Durable	4,162,738	50.4%	675,398,000	63.1%
Nondurable	4,035,926	48.9%	395,385,000	36.9%
		0.0%		0.0%
Paper and allied products	1,784,235	21.6%	38,005,000	3.5%
Industrial machinery	1,388,576	16.8%	139,785,000	13.1%
Food and kindred products	826,985	10.0%	74,305,000	6.9%
Printing and publishing	595,322	7.2%	81,836,000	7.6%
Rubber and plastics products	398,483	4.8%	44,913,000	4.2%
Fabricated metal products	390,398	4.7%	74,418,000	6.9%
Motor vehicles and equipment	247,751	3.0%	76,922,000	7.2%
Lumber and wood products	221,029	2.7%	31,185,000	2.9%
Electronic equipment	211,097	2.6%	121,870,000	11.4%
Primary metal industries	182,880	2.2%	41,711,000	3.9%
Stone, clay, and glass products	86,145	1.0%	30,012,000	2.8%
Furniture and fixtures	85,867	1.0%	21,582,000	2.0%
Chemicals and allied products	79,396	1.0%	101,272,000	9.5%
Miscellaneous manufacturing	67,197	0.8%	22,535,000	2.1%
Apparel and textile products	50,613	0.6%	19,458,000	1.8%
Other transportation equipment	31,467	0.4%	54,623,000	5.1%
Textile mill products	20,711	0.3%	19,280,000	1.8%
Instruments and related products	17,430	0.2%	60,755,000	5.7%
Leather and leather products	2,610	0.0%	2,679,000	0.3%
Tobacco products	0	0.0%	3,005,000	0.3%
Petroleum and coal products	0	0.0%	10,632,000	1.0%



Transportation, Communications & Public Utilities - Earnings

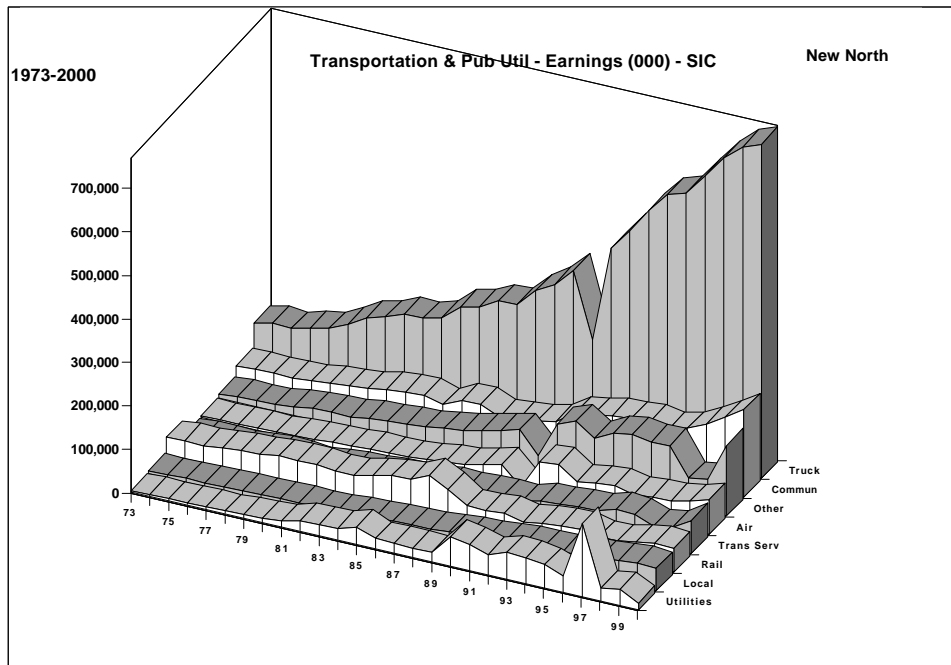
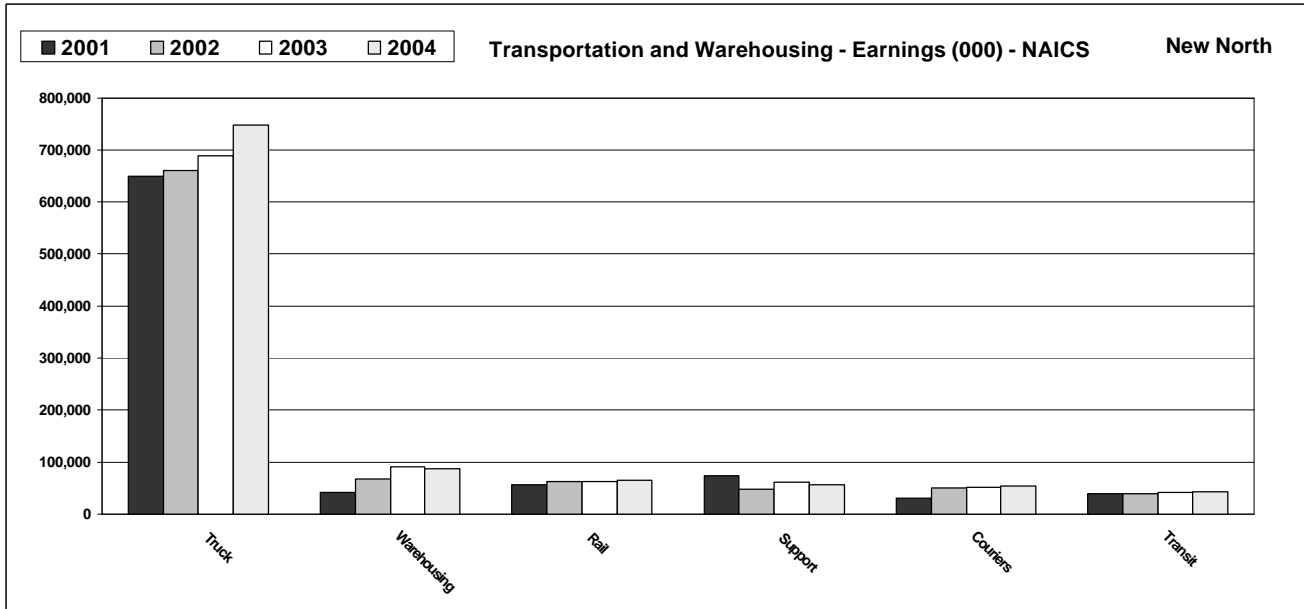
This sector was composed of three distinct groups under SIC: the transportation of goods and people, communications, and privately owned public utilities. However, under NAICS, Utilities has its own industry sector and Communications has been moved to “Information.”

Subsector data is not provided for Utilities under NAICS as it is not published. Earnings for “Communications” will appear in “Information.”

The **Area %** denotes the percentage each group or category is of the total earnings in this sector.

<u>New North Transportation and Warehousing - Earnings (000) - NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
Transportation and warehousing	801,731		249,591,000	
Truck transportation	746,817	93.2%	79,742,000	31.9%
Warehousing and storage	86,134	10.7%	24,515,000	9.8%
Rail transportation	64,997	8.1%	17,427,000	7.0%
Support activities for transportation	55,531	6.9%	37,698,000	15.1%
Couriers and messengers	54,875	6.8%	26,927,000	10.8%
Transit and ground passenger transportation	44,179	5.5%	11,977,000	4.8%
Pipeline transportation	1,370	0.2%	7,523,000	3.0%
Scenic and sightseeing transportation	978	0.1%	1,067,000	0.4%
Water transportation	53	0.0%	4,692,000	1.9%
Air transportation	0	0.0%	38,023,000	15.2%

<u>New North Transportation & Pub Util - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	1,614,025		441,751,000	
Truck & Warehousing	768,896	47.6%	91,788,000	20.8%
Communications	201,269	12.5%	131,913,000	29.9%
Other	163,054	10.1%	109,973,000	24.9%
Air	80,601	5.0%	64,014,000	14.5%
Trans Services	75,769	4.7%	30,485,000	6.9%
Railroad	54,562	3.4%	16,997,000	3.8%
Local & interurban	52,092	3.2%	14,457,000	3.3%
Utilities	16,089	1.0%	80,840,000	18.3%
Water	3,735	0.2%	10,240,000	2.3%
Pipelines & gas	0	0.0%	1,017,000	0.2%



Retail Trade Earnings

Retail Trade is divided into multiple Subsectors under both NAICS and SIC. They demonstrate the purchasing trends or habits of the individuals. Eating and Drinking Places” was the largest Subsector under SIC. However, under NAICS, this category has been moved to a new Sector called “Accommodations and Food Services.”

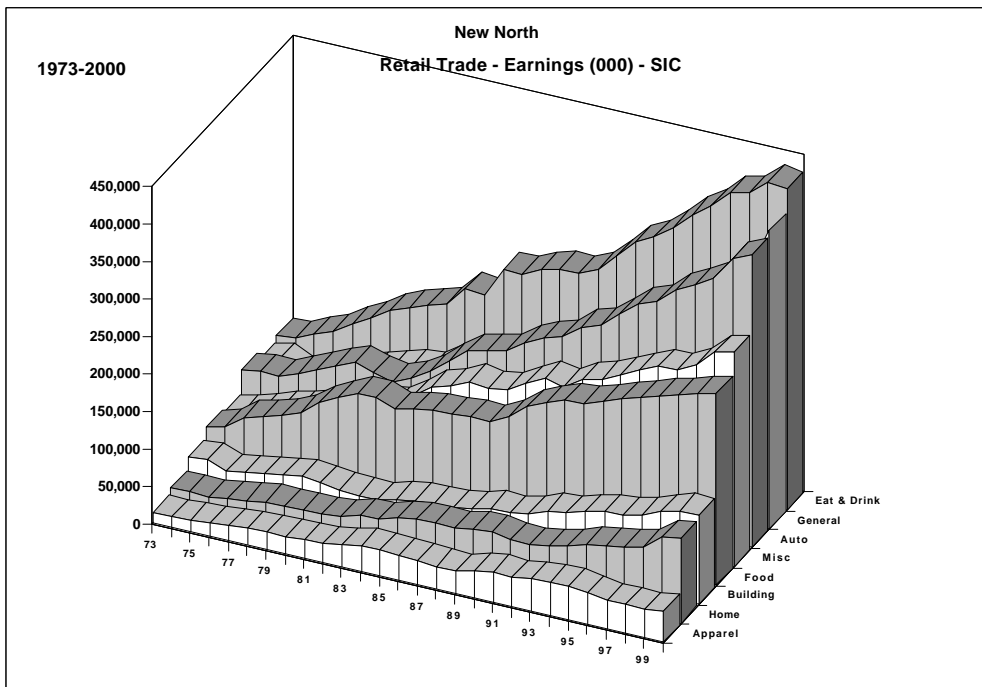
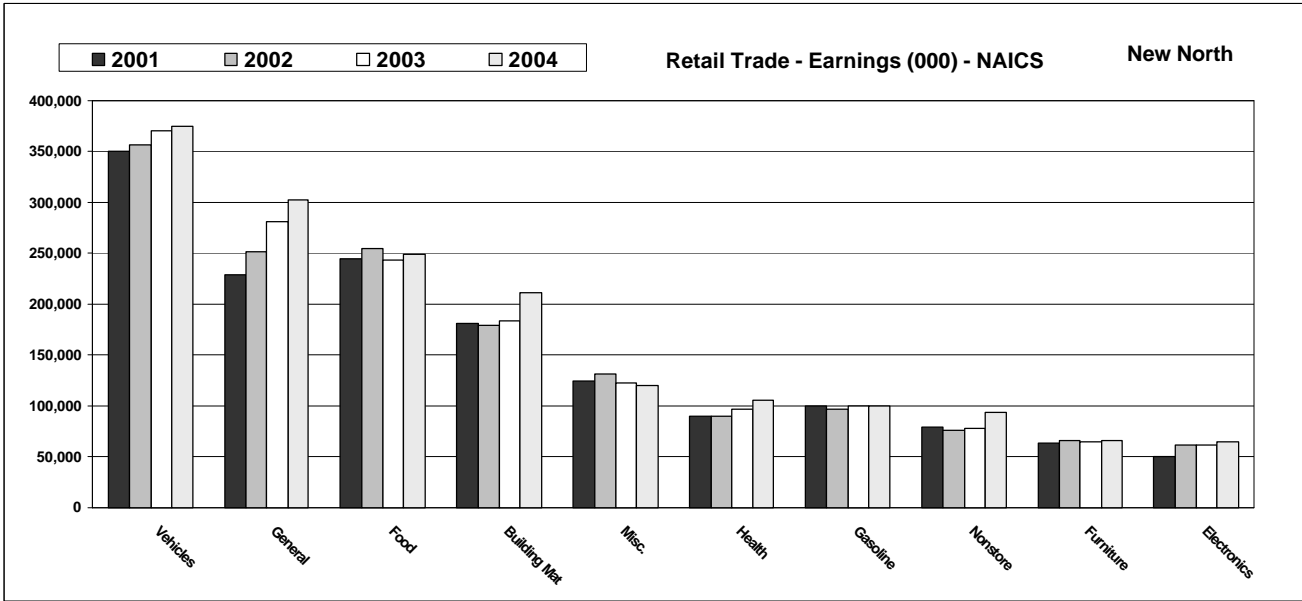
The **Area %** denotes the percentage each category is that of the total earnings in this sector.

New North

<u>Retail Trade - Earnings (000) - NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
Retail Trade	1,817,418		501,557,000	
Motor vehicle and parts dealers	374,959	20.6%	102,302,000	20.4%
General merchandise stores	302,248	16.6%	68,508,000	13.7%
Food and beverage stores	248,616	13.7%	77,276,000	15.4%
Building material and garden supply stores	210,980	11.6%	44,339,000	8.8%
Miscellaneous store retailers	119,932	6.6%	30,790,000	6.1%
Health and personal care stores	105,521	5.8%	34,508,000	6.9%
Gasoline stations	100,396	5.5%	23,718,000	4.7%
Nonstore retailers	93,554	5.1%	24,607,000	4.9%
Furniture and home furnishings stores	65,412	3.6%	21,486,000	4.3%
Electronics and appliance stores	64,033	3.5%	23,751,000	4.7%
Sporting goods, hobby, book and music stores	61,152	3.4%	16,133,000	3.2%
Clothing and clothing accessories stores	59,494	3.3%	34,139,000	6.8%

New North

<u>Retail Trade - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>USA %</u>
Total Earnings	2,039,699		558,078,000	
Eating and drinking places	426,935	20.9%	130,833,000	23.4%
General merchandise stores	397,026	19.5%	60,700,000	10.9%
Automotive dealers and service stations	390,162	19.1%	93,551,000	16.8%
Miscellaneous retail	286,063	14.0%	95,714,000	17.2%
Food stores	255,705	12.5%	79,449,000	14.2%
Building materials and garden equipment	118,589	5.8%	32,790,000	5.9%
Home furniture and furnishings stores	113,194	5.5%	39,006,000	7.0%
Apparel and accessory stores	41,227	2.0%	26,035,000	4.7%



Finance, Insurance, and Real Estate (FIRE) Earnings

This sector tends to mix or churn the money within a local economy. Not nearly as consumptive as Services or Retail, the FIRE sector serves as catalyst for the movement of money. There are three distinct elements to the sector.

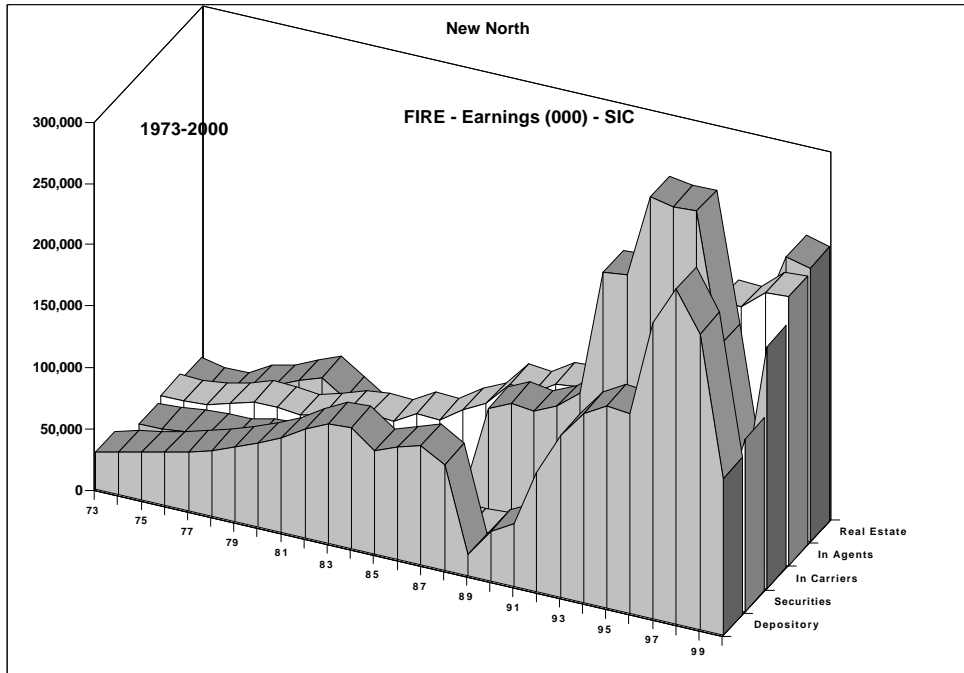
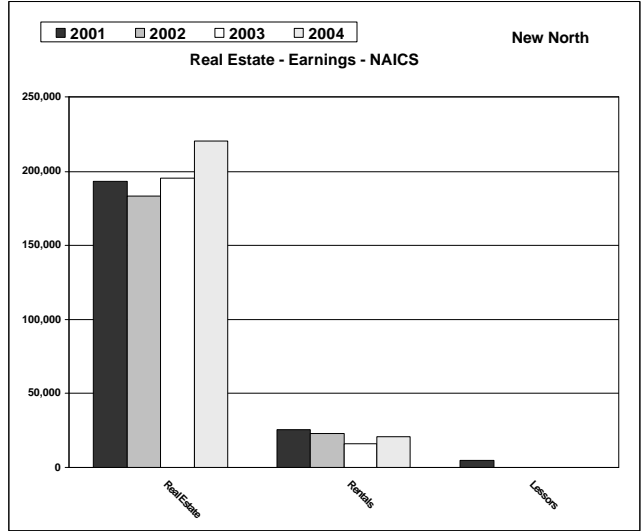
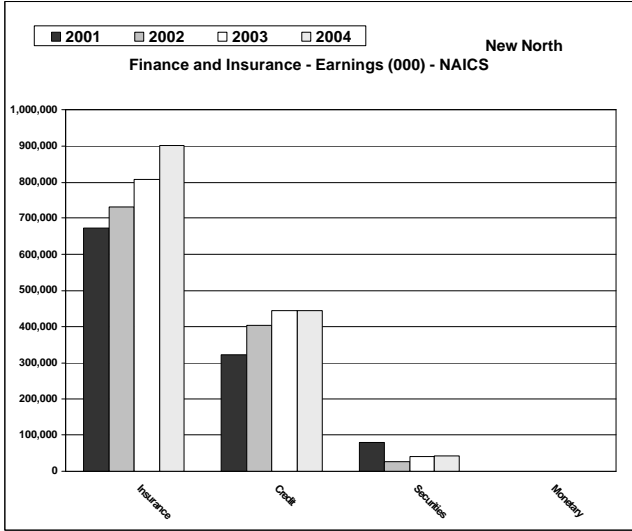
Under NAICS, Real Estate has been split and given its own Industry Sector. Data for both will follow.

Finance includes depository and non depository financial institutions such as banks, savings and loans, and credit unions. Stock brokerages and holding companies are also included.

Insurance includes both local agencies and carriers. Local insurance agencies grow and decline in direct proportion to the size of the economy. Insurance carriers many times are the companies which the agents represent. Oftentimes an insurance carrier is not dependent upon the local economy as policies, life, auto, health, are written throughout the state or nation. Many times insurance carriers are “primary” in nature.

<u>New North Finance and Insurance - Earnings (000) - NAICS</u>	<u>2004</u>	<u>Area %</u>	<u>2004</u>	<u>USA %</u>
Finance and insurance	1,539,522		573,173,000	
Insurance carriers and related activities	902,146	58.6%	177,536,000	31.0%
Credit intermediation and related activities	445,181	28.9%	192,847,000	33.6%
Securities, commodity contracts, investments	42,921	2.8%	180,561,000	31.5%
Monetary authorities - central bank	0	0.0%	1,495,000	0.3%
Funds, trusts, and other financial vehicles	0	0.0%	20,734,000	3.6%
<u>Real Estate - Earnings - NAICS</u>	290,769		195,308,000	
Real estate	220,216	75.7%	156,135,000	79.9%
Rental and leasing services	20,561	7.1%	32,588,000	16.7%
Lessors of nonfinancial intangible assets	0	0.0%	6,585,000	3.4%

<u>New North FIRE - Earnings (000) - SIC</u>	<u>2000</u>	<u>Area %</u>	<u>2000</u>	<u>Area %</u>
Total Earnings	1,391,930		643,378,000	
Real Estate	223,423	16.1%	124,772,000	19.4%
Insurance agents, brokers, and services	218,890	15.7%	49,185,000	7.6%
Insurance carriers	197,590	14.2%	96,889,000	15.1%
Security and commodity brokers	141,568	10.2%	174,797,000	27.2%
Depository and nondepository institutions	128,056	9.2%	148,466,000	23.1%



Services Earnings

Under SIC, Services was the most dominant industry, accounting for 32% of all employment. However, it has been split into multiple Sectors and Subsectors under NAICS. The list of splits is too long to discuss here.

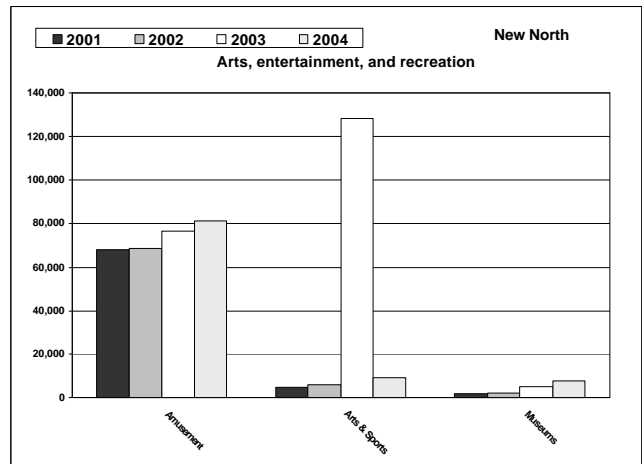
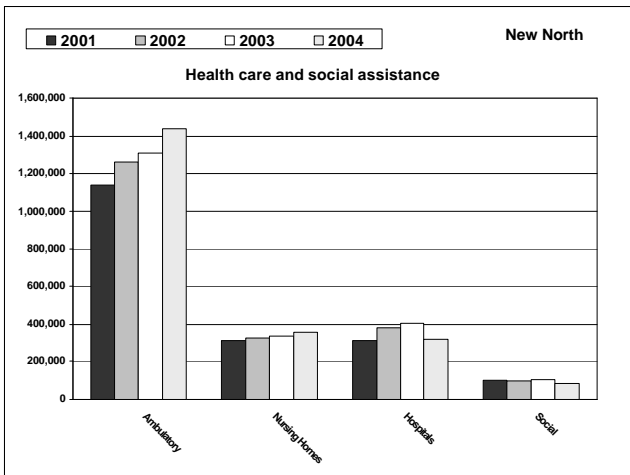
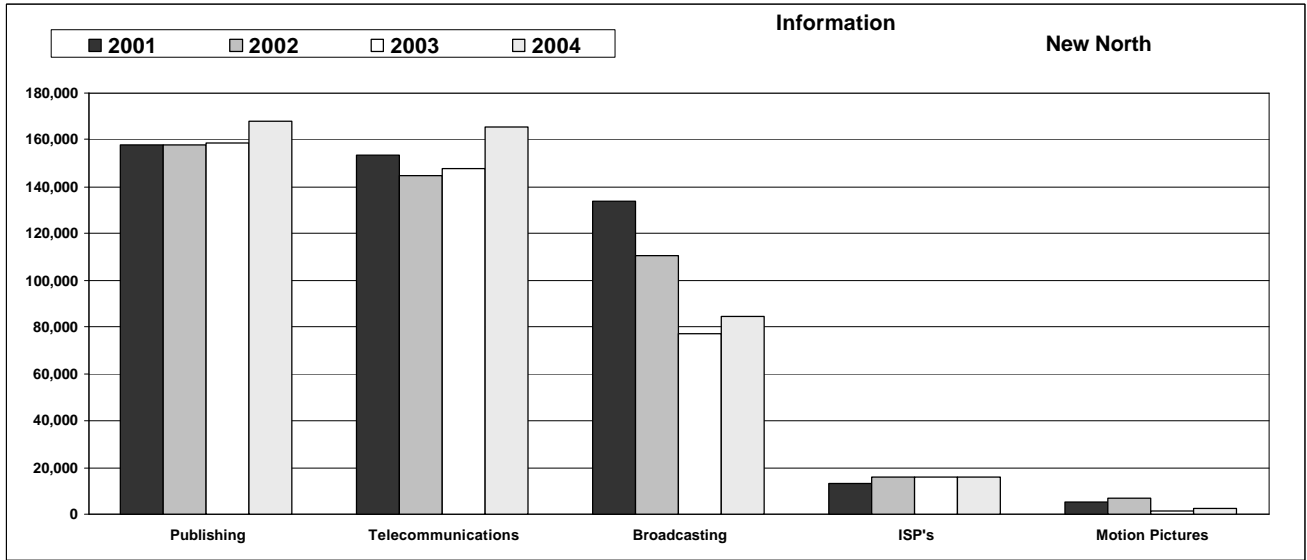
Under NAICS, there is no longer a “Services” industry.

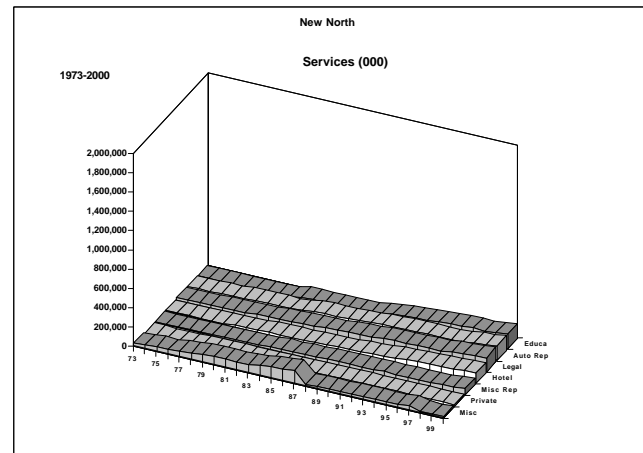
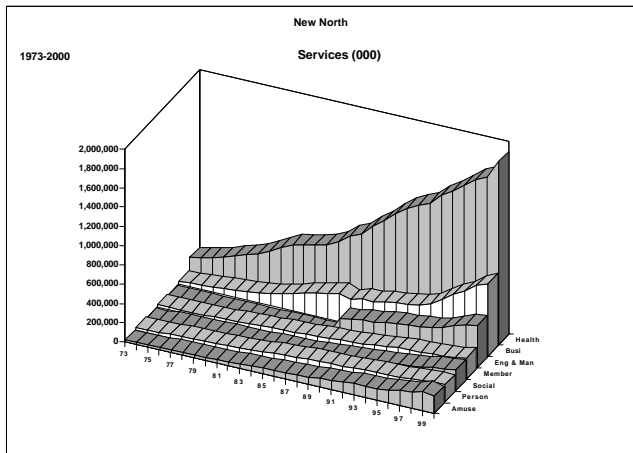
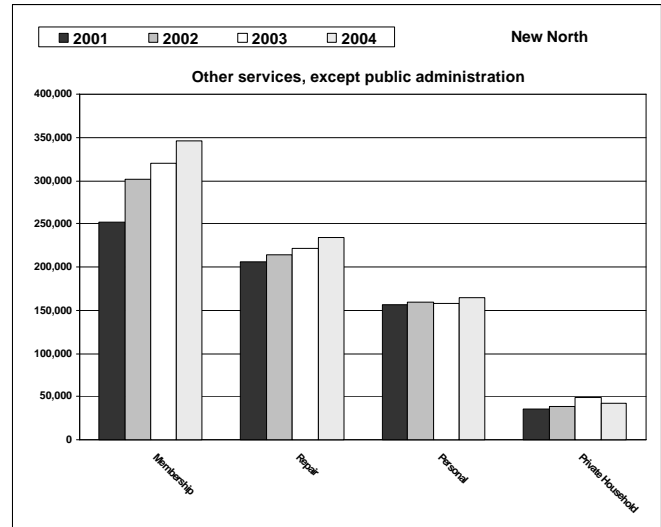
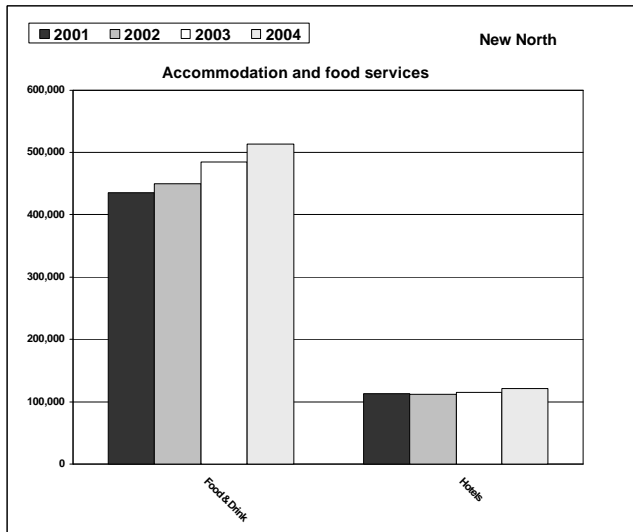
Health Services which was the most dominant now has its own Sector. Business Services was the second most dominate area in the old SIC Services and it has been split into multiple pieces.

The following is data for NAICS industries which have been directly spun from the old Services industry.

The **Area %** denotes the percentage of earnings the category is of the total earnings in this industry.

New North				
Services Sectors - Earnings (000) - NAICS	2004	Area %	2004	USA %
<u>Information</u>	482,912		282,840,000	
Publishing industries, except Internet	168,015	34.8%	73,163,000	25.9%
Telecommunications	165,509	34.3%	83,712,000	29.6%
Broadcasting, except Internet	84,387	17.5%	58,417,000	20.7%
ISPs, search portals, and data processing	15,958	3.3%	32,228,000	11.4%
Motion picture and sound recording industries	2,337	0.5%	29,153,000	10.3%
Internet publishing and broadcasts	0	0.0%	3,617,000	1.3%
Other information services	0	0.0%	2,550,000	0.9%
<u>Health care and social assistance</u>	2,755,342		704,621,000	
Ambulatory health care services	1,438,475	52.2%	344,461,000	48.9%
Nursing and residential care facilities	355,608	12.9%	82,276,000	11.7%
Hospitals	320,263	11.6%	216,680,000	30.8%
Social assistance	82,859	3.0%	61,204,000	8.7%
<u>Arts, entertainment, and recreation</u>	267,022		80,839,000	
Amusement, gambling, and recreation	81,316	30.5%	37,843,000	46.8%
Performing arts and spectator sports	9,343	3.5%	37,697,000	46.6%
Museums, historical sites, zoos, and parks	7,675	2.9%	5,299,000	6.6%
<u>Accommodation and food services</u>	633,254		207,812,000	
Food services and drinking places	514,010	81.2%	151,228,000	72.8%
Accommodation	121,343	19.2%	56,584,000	27.2%
<u>Other services, except public administration</u>	605,954		225,729,000	
Membership associations and organizations	345,590	57.0%	92,825,000	41.1%
Repair and maintenance	233,835	38.6%	64,394,000	28.5%
Personal and laundry services	165,026	27.2%	45,271,000	20.1%
Private households	42,420	7.0%	23,239,000	10.3%
New North				
Services - Earnings (000) - SIC	2,000	Area %	2,000	USA %
Total Earnings	4,648,377		1,856,686,000	
Health services	1,901,408	40.9%	480,132,000	25.9%
Business services	755,350	16.2%	490,947,000	26.4%
Engineering and management services	434,709	9.4%	253,567,000	13.7%
Membership organizations	220,969	4.8%	62,661,000	3.4%
Social services	213,216	4.6%	65,424,000	3.5%
Personal services	178,213	3.8%	47,450,000	2.6%
Amusement and recreation services	178,069	3.8%	56,707,000	3.1%
Educational services	155,439	3.3%	73,807,000	4.0%
Auto repair, services, and parking	150,960	3.2%	46,642,000	2.5%
Legal services	146,458	3.2%	127,642,000	6.9%
Hotels and other lodging places	107,460	2.3%	56,115,000	3.0%
Miscellaneous repair services	68,528	1.5%	22,046,000	1.2%
Private households	19,075	0.4%	13,570,000	0.7%
Miscellaneous services	13,522	0.3%	23,112,000	1.2%
Motion pictures	13,107	0.3%	33,997,000	1.8%
Museums, botanical, zoological gardens	0	0.0%	2,867,000	0.2%





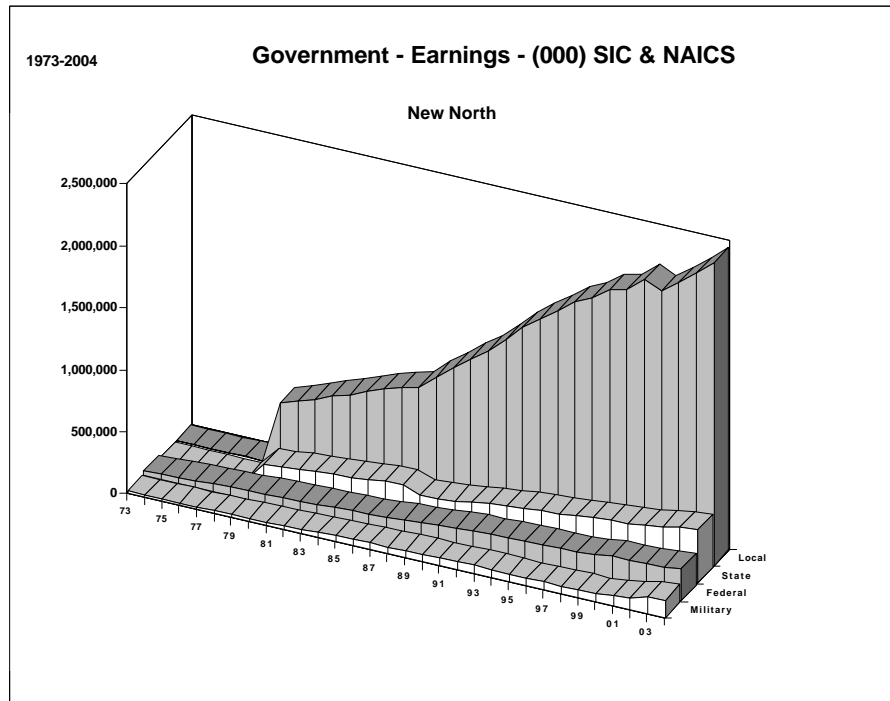
Government – Earnings (000)

Nationally, government workers account for approximately 16% of all earnings. While virtually all local economies have at least a small presence of Federal and State workers, areas which have a high percentage of either typically benefit economically. Usually State and Federal government pay a higher than an area's average wage.

Local government typically includes county, city, and school employees along with most regional governments.

Data for government has not been significantly affected by the NAICS – SIC issue. As a result, all years are combined. The **Area %** denotes the percentage each line is of all government earnings.

New North				
Government - Earnings - (000) SIC & NAICS	2,004	Area %	2,004	USA %
All Government	3,536,506		1,250,646,000	
Local	2,445,623	69.2%	643,497,000	51.5%
State	433,501	12.3%	245,999,000	19.7%
Federal Civilian	258,798	7.3%	240,565,000	19.2%
Military	146,122	4.1%	120,585,000	9.6%



Government Transfers

Government Transfers, also known as “entitlement” programs, have grown enormously in the United States over the last 25 years. In 2004, total government transfers to individuals exceeded the earnings of all workers in Farm, Agricultural Services, Mining, Utilities, Real Estate, Corporate Headquarters, Administrative Services, Educational Services, Arts and Entertainment, and Accommodations and Food Service combined.

Retirement and disability payments typically account for more than half a local area’s transfers. Medical transfers, principally Medicare and Medicaid (medical assistance for the poor) represent the bulk of medical transfers. Income maintenance includes the nation’s “welfare programs” such as Food Stamps. Some transfers are made to non-profit institutions that administer social programs.

High percentages of Retirement and Medical payments indicate the presence of a large number of retirement age individuals. High percentages of Medical payments and Income Maintenance indicate impoverishment. The **Area %** denotes the percentage each line is of all government transfers.

Per Capita Government Transfers

To better determine the relative impact Government Transfers have on the local area, the per capita amount for each transfer was determined. Medicare and Medicaid are the two largest components of Medical transfers and are listed separately. Food Stamps and Family Assistance are the two best known components of Income Maintenance and are shown separately. Retirement is principally social security payments.

If the “2004 Area” exceeds that of the nation, then the area is receiving a greater percentage of transfers for the category than the national norm.

New North

Government Transfers (000)	2004	Area %	2004	USA %
Total transfer payments	5,037,217		1,428,159,000	
Ret. & disab. insurance benefit payments	2,300,644	45.7%	517,840,000	36.3%
Medical payments	1,875,551	37.2%	609,035,000	42.6%
Income maintenance benefit payments	258,776	5.1%	141,490,000	9.9%
Unemployment insurance benefit payments	210,784	4.2%	37,119,000	2.6%
Nonprofit institutions	155,078	3.1%	44,997,000	3.2%
Veterans benefit payments	123,633	2.5%	33,806,000	2.4%

New North

Per Capita Government Transfers	2004 Area	2004 USA
Retirement	1,926	1,763
Medicare	782	1,033
Medicaid	780	1,020
Income Maintenance	217	482
Unemployment	176	126
Veterans	103	115
Farm Payments	51	45
Food Stamps	28	88
Family Assistance	11	63

