

# W STATE OF IOWA ORKNET WORKFORCE DEVELOPMENT

SECOND QUARTER 2006

## Nonfarm Jobs Reach Record Level in June

Sustained job growth across most industry sectors contributed to low unemployment for Iowa during second quarter. The statewide unemployment rate averaged 3.5 percent for the April through June period, a substantial drop from the first-quarter average of 4.1 percent. For second quarter 2005, the state's jobless rate averaged 4.6 percent.

Both the U.S. and Iowa added jobs at a slower pace during second quarter, as the effects of higher interest rates, a cooling housing market, and high energy costs began to filter through the economy. Iowa's payroll employment grew by a moderate 4,600 during second quarter compared to 8,100 for the first three months of the year. However, overall job growth for the first half of the year culminated in an all-time high of 1,508,400 payroll jobs in June.

In a mid-year jobs report, the Federal Reserve Bank of Chicago compared job growth from second quarter 2005 to second quarter 2006 for the U.S. and seven Midwest states. With respect to total payroll employment, the three easternmost states of Ohio, Indiana, and Michigan reflected the weakest over-the-year growth. Further to the west, job growth in Illinois and Wisconsin was stronger, with still stronger growth reported for Iowa and Minnesota. Both Iowa and Minnesota also surpassed the national job growth rate of 1.4 percent for the year.

Five major sectors within nonfarm employment achieved record employment levels in June as well. These industries included construction, financial activities, professional and business services, education and health, and leisure and hospitality. Employment in Iowa's construction industry peaked at 76,100 workers in June despite a slight softening in the housing market. Homebuilding, as a component of the state's construction industry, continued to do quite well despite predictions of a moderate pullback in sales and new construction over the next two years.

According to the National Association of Realtors, price increases over the last several years, along with higher mortgage rates, brought housing affordability to its lowest point in more than 16 years in May. The slowdown in the housing market after several strong years of activity means the economy will depend more on business investment to pick up some of the slack.

Although the state's job market has been strengthening over the past two years, it takes a while for the momentum to translate into higher wages for workers. Generally, higher wages also mean that labor supplies have tightened. In 2005, Iowa's average weekly wage was reported at \$632.07, an increase of 3.1 percent from the previous year. Finance ranked as the state's highest-paying private industry with an average weekly wage of \$911.

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# THE LABOR SHORTAGE DEBATE

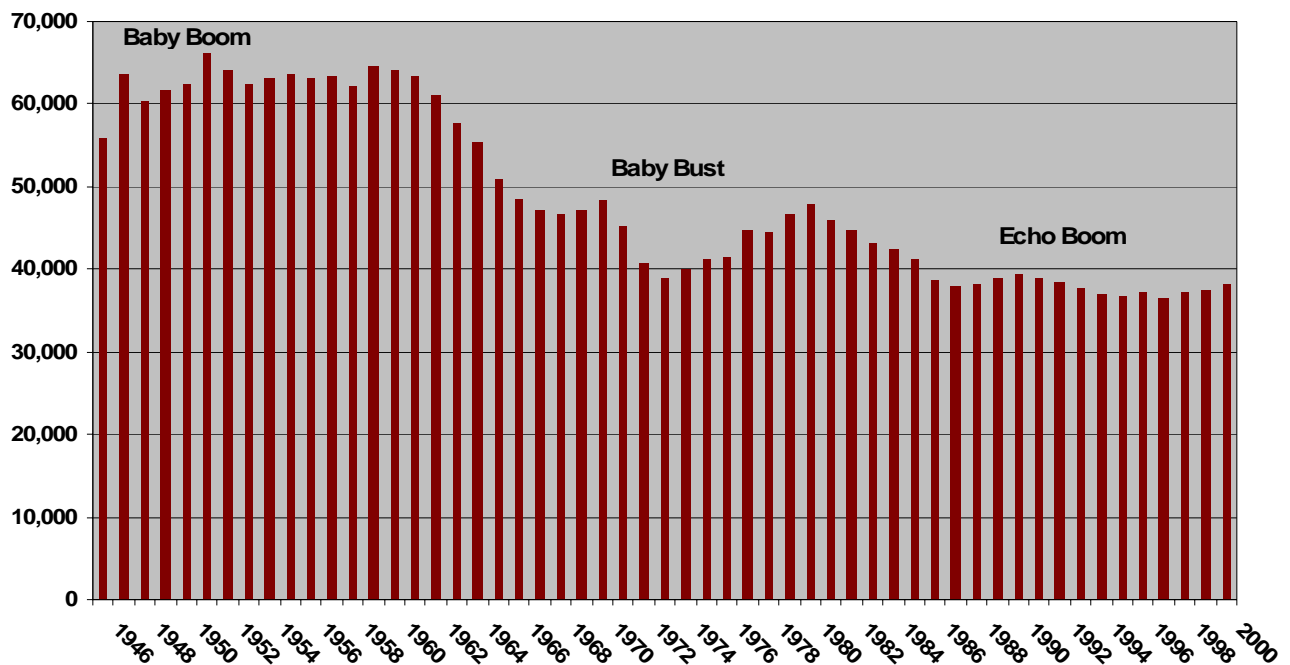
The generation that vowed to stay forever young has reached a major milestone, as the oldest of the “baby boomers” turns 60 this year. The baby boom generation is a demographic term for the population born between 1946 and 1964. There are anywhere from 76 to 82 million baby boomers, and they represent the single largest demographic group in existence today. The baby boom generation resulted from an explosion in birth rates after World War II, and was born during a period when the country was mostly white, and there were few recent immigrants.

Because of the sheer magnitude of this age group, the baby boom generation has importantly influenced the size and characteristics of the U.S. labor force. As the leading edge of this age cohort begins to gear up for retirement, there are dire predictions circulating around the country that severe labor shortages are looming. So where does the real truth lie? Is it possible that a surge in baby boomer retirements will cripple our economy, or will increases in offshoring, immigration, productivity, and delayed retirements mitigate a potential crisis.

According to the Hudson Institute and other conservative think tanks, by the year 2010 the country will begin to notice the tightness in the labor markets, which will become a perpetual condition from that point on. Labor shortage alarmists also contend that the problem will be exacerbated by the smaller size of the baby busters—the generation following the boomers. The baby bust generation, currently comprised of persons who are of ages 26 to 40, is roughly 16 percent smaller in number than the baby boom cohort.

Proponents of the labor shortage scenario rely heavily on demographic data as well as employment projections prepared by the U.S. Bureau of Labor Statistics (BLS) to prove their point. Their prediction is based on subtracting estimates of the total number of future workers from the total number of expected jobs. Using this calculation, there will be 3.3 million fewer workers than jobs by the year 2012. However, this method is flawed, and the BLS has repeatedly said so. BLS, which supplies both sets of numbers, contends that the data sets are from different sources and cannot be compared accurately. In addition, the BLS numbers do not account for multiple jobholding, so they overestimate the number of workers needed to staff the nation’s jobs.

Total Live Births for Iowa: 1946-2000



# THE LABOR SHORTAGE DEBATE

On the opposing side of the debate are those who feel that any projected labor shortage caused by retiring boomers is complete fiction. Prominent among the labor shortage doubters is Peter Cappelli, a professor at the Wharton School at the University of Pennsylvania and director of its Center for Human Resources. Cappelli holds the view that demographics change slowly and predictably, and are not going to cause a labor shortage. In his study titled, *Will There Really Be a Labor Shortage?*, he notes that the real problem stems from a fundamental change in the nature of employer-employee relationships that contribute to the difficulty of retaining employees.

The following are highlights from Cappelli's study:

- The fact that the baby bust cohort is smaller overall than the baby boom cohort does not mean that every subgroup within the baby bust group has to be 16 percent smaller.
- Many boomers plan to work past 65 even though they may change the kind of work they do. Their life expectancies have climbed past 77 at the same time that health care costs are rising and savings rates have declined.
- The assertion that slower growth in the labor force results in slower economic growth is false. The U.S. economy has always grown faster than its labor force due to productivity growth, a key factor in U.S. prosperity. Workers today are roughly four times as productive as they were in the 1940's.

Recent surveys conducted by AARP and Merrill Lynch confirm Cappelli's claim that boomers plan to work past the traditional retirement age. Both surveys revealed that they plan to do so by cycling between periods of work and leisure, setting a new model for retirement. While close to 75 percent of boomers intend to keep working and earning in retirement, on average they expect to retire from their current job at about 64, and then pursue an entirely new job or career.

Only time will tell what the full impact on the economy will be when the nation's baby boomers begin to retire. However, one current trend is likely to continue. Companies will experience the continuation of tight markets for workers with specialized skills and, at the other end of the spectrum, for workers with the basic skills required to perform in the low-end service occupations. The real gap will involve selected skills, not head counts. According to Justin Heet, a consultant with the Hudson Institute, there's a large segment of workers and potential workers who do not have the skills that employers need.

**What can be done to address the skills gap problem?** Here are some solutions: 1) Individuals need to build skills that will be marketable in the workplace, paying attention to data and trends that project jobs that will be in demand. 2) Companies need to focus on employee retention; offering competitive pay and better benefits, flexible work arrangements, and training and career development. 3) The collaboration between the educational system and business needs to continue to ensure that a greater number of skilled individuals will be directed toward industries and occupations with the greatest demands.



The Labor Market Information staff would like to pay tribute to our own baby boomer, Mike Blank, who retired in July. Mike began his career with the agency in 1969 as an interviewer, and in 1974, moved on to become a labor market economist in the Davenport office. In 1982, Mike transferred into the administrative office in Des Moines to continue his career in labor market information. Shortly before he retired, Mike received the *Employee of the Year* award for his tireless efforts in getting the latest web-based labor market information display system (IWIN) up and going in Iowa. By working out an agreement with the State of Oregon to customize their system to meet Iowa's needs, Mike saved over \$150,000 for the State of Iowa and Iowa Workforce Development. We wish Mike a happy retirement in sunny California!

# U.S. EMPLOYMENT SITUATION

## *Labor Force Data (Seasonally Adjusted)*

	Apr. 2006	May 2006	June 2006	June 2005
Civilian Labor Force	150,811,000	150,991,000	151,321,000	149,243,000
Employed	143,688,000	143,976,000	144,363,000	141,750,000
Unemployed	7,123,000	7,015,000	6,957,000	7,493,000
Unemployment Rate	4.7%	4.6%	4.6%	5.0%

## *Historical Labor Force Series*

	2001	2002	2003	2004	2005
Civilian Labor Force	143,734,000	144,863,000	146,510,000	147,401,000	149,320,000
Employed	136,933,000	136,485,000	137,736,000	139,252,000	141,730,000
Unemployed	6,801,000	8,378,000	8,774,000	8,149,000	7,591,000
Unemployment Rate	4.7%	5.8%	6.0%	5.5%	5.1%

## *Consumer Price Indexes (All Items)\**

	US City Average	June 2006	May 2006	June 2005	% Chg June 2005 to June 2006
CPI-U	1967 = 100	607.8	606.5	582.6	4.3%
	1982-84 = 100	202.9	202.5	194.5	
CPI-W	1967 = 100	591.7	590.5	566.2	4.5%
	1982-84 = 100	198.6	198.2	190.1	

Source: Bureau of Labor Statistics, U.S. Department of Labor.

\*The Consumer Price Index for All Urban Consumers (CPI-U) extends coverage to such groups as salaried workers, the self-employed, retirees, and the unemployed. The index covers approximately 80 percent of the total noninstitutional civilian population of the United States. The CPI for Urban Wage Earners and Clerical Workers (CPI-W) represents about one-half of the population covered by the CIP for All urban Consumers.

# IOWA EMPLOYMENT SITUATION

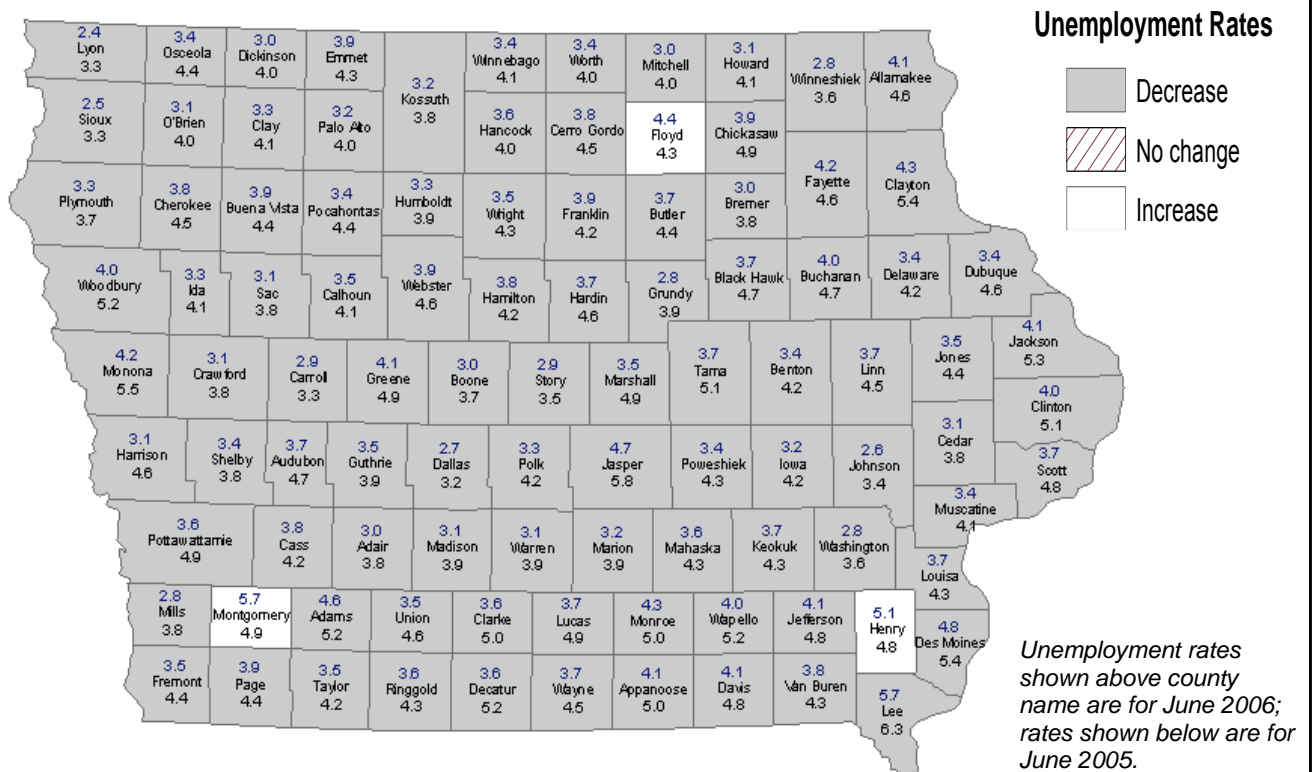
## Unemployment Rates for Iowa and Neighboring States June 2006

State	Rank	Rate
South Dakota	1	3.0%
Nebraska	3	3.1%
<b>IOWA</b>	<b>13</b>	<b>3.6%</b>
Minnesota	13	3.6%
Illinois	23	4.5%
Missouri	30	4.7%
Wisconsin	30	4.7%

## Statewide and Local Labor Force Data

State of Iowa	Apr. 2006	May 2006	June 2006	June 2005
Labor Force	1,674,200	1,678,500	1,676,600	1,659,300
Unemployed	59,800	56,300	61,000	75,700
Percent Unemployed	3.6%	3.4%	3.6%	4.6%
Employed	1,614,400	1,622,200	1,615,700	1,583,600

## Unemployment Rates for Iowa Counties - June 2006 and June 2005



Source: Labor Market and Economic Research Bureau, Iowa Workforce Development

# LOCAL LABOR FORCE DATA

## *Metropolitan Statistical Area Data - June 2006*

	<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Rate</b>
Ames	46,700	45,300	1,400	2.9
Cedar Rapids	139,200	134,200	5,000	3.6
Des Moines-West Des Moines	311,000	301,100	9,900	3.2
Dubuque	53,700	51,900	1,800	3.4
Iowa City	89,900	87,500	2,400	2.7
Sioux City	76,100	73,100	3,000	4.0
Waterloo-Cedar Falls	95,800	92,400	3,400	3.5
*Davenport-Moline-Rock Island	210,100	201,500	8,600	4.1
**Omaha-Council Bluffs	451,000	435,300	15,700	3.5

Source: Labor Market Information Bureau, Iowa Workforce Development

\* Prepared by Illinois Department of Employment Security \*\*Prepared by Nebraska Workforce Development

\*\* Prepared by Nebraska Department of Labor

## *Micropolitan Statistical Area Data - June 2006*

	<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Rate</b>
Boone, IA	15,750	15,280	470	3.0
Burlington, IA-IL	25,260	24,040	1,220	4.8
Clinton, IA	27,500	26,400	1,100	4.0
Fort Dodge, IA	20,570	19,770	800	3.9
Ft. Madison-Keokuk, IA	21,360	20,160	1,200	5.6
Marshalltown, IA	21,220	20,480	740	3.5
Mason City, IA	31,560	30,390	1,180	3.7
Muscatine, IA	30,460	29,410	1,050	3.4
Newton, IA	19,380	18,470	910	4.7
Oskaloosa, IA	12,150	11,710	440	3.6
Ottumwa, IA	19,520	18,740	790	4.0
Pella, IA	19,180	18,570	610	3.2
Spencer, IA	10,090	9,750	330	3.3
Spirit Lake, IA	11,770	11,410	360	3.0
Storm Lake, IA	10,150	9,760	390	3.9

# IOWA NONFARM EMPLOYMENT

## *Statewide Nonfarm Employment (Seasonally Adjusted)*

	Apr-06	May-06	Jun-06	2nd Qtr 2006 Avg.	2nd Qtr 2005 Avg.	OTY Change
<b>Total Nonfarm</b>	1,502,700	1,505,200	1,508,100	1,505,300	1,479,100	26,200
Mining	2,000	2,100	2,100	2,100	2,100	0
Construction	75,800	75,500	76,100	75,800	70,900	4,900
Manufacturing	233,500	234,400	235,000	234,300	229,400	4,900
Trade & Transportation	309,300	310,100	310,100	309,800	307,000	2,800
Information	32,300	32,300	32,300	32,300	33,400	-1,100
Finance	99,700	100,300	100,700	100,200	98,000	2,200
Professional and Business Services	115,700	115,800	116,800	116,100	112,000	4,100
Education & Health	199,400	199,600	199,700	199,600	194,600	5,000
Leisure & Hospitality	132,000	132,100	132,500	132,200	130,300	1,900
Other Services	55,800	55,600	55,700	55,700	56,400	-700
Government	247,200	247,400	247,100	247,200	245,000	2,200

Source: Employment Statistics Bureau, Iowa Workforce Development.

### **Seasonally Adjusted Nonfarm Employment**

Seasonally adjusted nonfarm employment in Iowa averaged 1,505,300 during second quarter 2006, 26,200 more than in second quarter 2005. Jobs were added in all sectors except information and other services.

The largest single increase over the past year occurred in education and health services, which was up by 5,000 from second quarter 2005. Manufacturing and construction followed closely behind with gains of 4,900 each, while professional and business services grew by 4,100. Trade and transportation added 2,800 new jobs, while financial activities and government were each up by 2,200.

The only published sectors to show a decline from second quarter 2005 to second quarter 2006 were information, which was down by 1,100, and other services, which was down by 700.

### **Hours and Earnings**

Workers in Iowa's private sector earned \$488.22 a week during second quarter 2006, \$15.66 a week more than in second quarter 2005. The increase was mainly the result of a gain of 33 cents in average hourly earnings; the average workweek was up by just eighteen minutes over the year.

Weekly earnings in the goods-producing sector averaged \$692.99 during second quarter 2006, \$18.93 more than in second quarter 2005. Of the three goods-producing divisions, mining and construction both showed gains over the year while manufacturing experienced a decline. Mining workers earned \$838.15 a week during second quarter 2006, \$20.13 a week more than a year ago, while workers in construction industries earned \$792.53 during second quarter, \$107.47 a week more than a year ago. The increase in mining was due to a gain of 50 cents in hourly earnings, which offset a decline of 24 minutes in the average workweek, while the increase in construction was due to gains in both hours and earnings. The construction workweek was up by two hours and 36 minutes over the year, and hourly pay rose by \$1.49.

Workers in trade and transportation earned \$465.76 a week during second quarter 2006, \$38.75 a week more than in second quarter 2005, mainly due to gains in wholesale trade. Weekly earnings in Financial activities were up by \$16.18 over the year, totaling \$596.40 a week during second quarter 2006.

# AMES MSA

## *Ames MSA Nonfarm Employment (Story County)*

	Apr-06	May-06	Jun-06p	2nd Qtr 2006 Avg.	2nd Qtr 2005 Avg.	OTY Change
<b>Total Nonfarm</b>	47,800	47,200	44,800	46,600	44,200	2,400
Total Private	28,000	28,100	28,100	28,100	27,300	800
Goods Producing	6,500	6,600	6,700	6,600	6,500	100
Service-Providing	41,300	40,600	38,100	40,000	37,700	2,300
Private Service Providing	21,500	21,500	21,400	21,500	20,800	700
Government	19,800	19,100	16,700	18,500	16,900	1,600
Federal Government	1,200	1,200	1,200	1,200	1,200	0
State Government	14,100	13,400	11,200	12,900	11,300	1,600
Local Government	4,500	4,500	4,300	4,400	4,400	0

Source: Bureau of Labor Statistics, Current Employment Statistics

Note: Data not seasonally adjusted

**Goods producing  
sector gains 100  
jobs.**

Metropolitan Statistical Areas (MSAs)

### *What's New In The Ames MSA?*

- At 46,600, second quarter 2006 nonfarm employment in the Ames Metropolitan Area was 2,400 more than in second quarter 2005. Jobs were added in all sectors except federal and local government.
- The private service-providing sector added 700 new jobs from second quarter 2005 to second quarter 2006, and the goods-producing division was up by 100 jobs. Federal Government and local government each held steady over the year.

# CEDAR RAPIDS MSA

## *Cedar Rapids MSA Nonfarm Employment (Benton, Jones, and Linn Counties)*

	Apr-06	May-06	Jun-06	Current Qtrly Avg	Year Ago Qtrly Avg	OTY Change
<b>Total Nonfarm</b>	130,400	131,400	129,500	130,400	133,700	-3,300
Total Private	114,500	115,100	114,700	114,800	117,300	-2,500
Goods Producing	26,500	27,100	27,100	26,900	28,200	-1,300
Service-Providing	103,900	104,300	102,400	103,500	105,500	-2,000
Private Service Providing	88,000	88,000	87,600	87,900	89,100	-1,200
Manufacturing	20,000	20,400	20,300	20,200	20,400	-200
Trade, Transportation, Information	28,600	28,700	28,500	28,600	29,300	-700
Financial Activities	5,000	4,900	4,900	4,900	5,300	-400
Professional and Business Services	9,700	9,800	9,900	9,800	9,800	0
Educational and Health Services	12,400	12,200	12,400	12,300	12,000	300
Leisure and Hospitality	16,400	16,400	15,800	16,200	16,000	200
Government	10,700	10,800	10,800	10,800	11,400	-600
	15,900	16,300	14,800	15,700	16,400	-700

Source: Bureau of Labor Statistics, Current Employment Statistics  
Note: Data not seasonally adjusted

### ***What's New In The Cedar Rapids MSA?***

- Total nonfarm employment in the Cedar Rapids MSA was down 3,300 jobs from second quarter 2005 to second quarter 2006.
- The trade and transportation industry demonstrated the largest decrease (700) in the private service-producing sector since second quarter 2005.
- The goods-producing sector averaged 26,900 for the second quarter 2006, however employment is down 1,300 jobs from one year ago.

**Only the professional and business services and education and health services sectors in the Cedar Rapids MSA reported gains from second quarter 2005 to second quarter 2006.**

Metropolitan Statistical Areas (MSAs)

# DES MOINES MSA

## *Des Moines-West Des Moines MSA Nonfarm Employment (Dallas, Guthrie, Madison, Polk, and Warren Counties)*

	Apr-06	May-06	Jun-06	Current Qtrly Avg	Year Ago Qtrly Avg	QTY Change
<b>Total Nonfarm</b>	312,900	315,900	317,600	315,500	307,800	7,700
Total Private	273,500	276,600	278,300	276,100	268,500	7,600
Goods Producing	39,000	39,100	40,100	39,400	38,200	1,200
Service-Providing	273,900	276,800	277,500	276,100	269,600	6,500
Private Service Providing	234,500	237,500	238,200	236,700	230,300	6,400
Manufacturing	20,300	20,300	20,200	20,300	20,100	200
Trade, Transportation	65,600	66,400	65,900	66,000	64,600	1,400
Information	9,500	9,600	9,700	9,600	9,100	500
Financial Activities	48,500	48,500	49,100	48,700	47,100	1,600
Professional and Business	32,700	33,800	34,700	33,700	32,600	1,100
Educational and Health	36,300	36,600	35,500	36,100	36,300	-200
Leisure and Hospitality	28,900	29,800	30,400	29,700	28,500	1,200
Government	39,400	39,300	39,300	39,300	39,300	0

Source: Bureau of Labor Statistics, Current Employment Statistics  
Note: Data not seasonally adjusted

**Transportation, warehousing and utilities has had 17 consecutive months of steady or increasing employment.**

**The information industry has had an employment gain of 5.5% since 2nd quarter 2005.**

Metropolitan Statistical Areas (MSAs)

### ***What's New In The Des Moines-West Des Moines MSA?***

- In the Des Moines MSA, total nonfarm employment was up 7,700 jobs from second quarter 2005 to second quarter 2006.
- Manufacturing employment has fluctuated only 500 through the past year and finished with a 2nd quarter 2006 average only 200 above the second quarter 2005 average employment.
- Financial activities continues to gain employment, finishing 2nd quarter 2006 at a record high employment level. The industry's quarterly average employment has increased 1,600 jobs since the same quarter in 2005.
- Trade and transportation and leisure and hospitality each had respectable employment gains of 1,400 and 1,200, respectively.

# DUBUQUE MSA

## *Dubuque MSA Nonfarm Employment (Dubuque County)*

	Apr-06	May-06	Jun-06	Current Qtrly Avg	Year Ago Qtrly Avg	OTY Change
<b>Total Nonfarm</b>	56,400	56,800	57,000	56,700	54,100	2,600
Total Private	51,900	52,300	53,000	52,400	49,800	2,600
Goods Producing	12,200	12,300	12,600	12,400	11,900	500
Service-Providing	44,200	44,500	44,400	44,400	42,200	2,200
Private Service Providing	39,700	40,000	40,400	40,000	37,900	2,100
Trade, Transportation	11,800	11,800	11,700	11,800	11,400	400
Retail Trade	7,400	7,400	7,400	7,400	7,200	200
Government	4,500	4,500	4,000	4,300	4,300	0
Federal Government	300	300	300	300	300	0
State Government	300	300	300	300	200	100
Local Government	3,900	3,900	3,400	3,700	3,800	-100

Source: Bureau of Labor Statistics, Current Employment Statistics

### *What's New In The Dubuque MSA?*

- Total nonfarm employment in the Dubuque MSA averaged 56,700 for 2nd quarter 2006, surpassing the 2nd quarter 2005 average by 2,600.
- Employment in the government sector was virtually unchanged with a small decrease in local government offsetting a gain in state government.
- Goods-producing is 500 above the same quarter last year, a gain of 200 less than the gain seen between the 1st quarters of 2005 and 2006.
- Service-providing increased 2,200 through the year.

**Since second quarter 2005, the goods-producing sector has gained 4.2% employment.**

**Local government is the only industry with a drop in employment levels when compared to second quarter 2005.**

Metropolitan Statistical Areas (MSAs)

# IOWA CITY MSA

## *Iowa City MSA Nonfarm Employment (Johnson and Washington Counties)*

	Apr-06	May-06	Jun-06	Current Qtrly Avg	Year Ago Qtrly Avg	OTY Change
<b>Total Nonfarm</b>	88,200	88,900	85,700	87,600	86,000	1,600
Total Private	55,700	56,000	55,400	55,700	54,500	1,200
Goods Producing	10,100	10,200	10,100	10,100	9,800	300
Service-Providing	78,100	78,700	75,600	77,500	76,200	1,300
Private Service Providing	45,600	45,800	45,300	45,600	44,600	1,000
Trade, Transportation	16,300	16,700	16,500	16,500	15,700	800
Professional and Business Services	5,000	5,100	4,800	5,000	4,600	400
Leisure and Hospitality	7,900	8,100	8,200	8,100	7,600	500
Government	32,500	32,900	30,300	31,900	31,600	300

Source: Bureau of Labor Statistics, Current Employment Statistics  
Note: Data not seasonally adjusted

**Every sector in the Iowa City MSA reported gains from second quarter 2005 to second quarter 2006.**

Metropolitan Statistical Areas (MSAs)

### *What's New In The Iowa City MSA?*

- Total nonfarm employment in the Iowa City MSA was up 1,600 jobs from second quarter 2005 to second quarter 2006.
- The trade and transportation industries demonstrated the largest increase in the private service-producing sector since second quarter 2005.
- The goods-producing sector gained 300 and is at 10,100 for the second quarter 2006 average.

# SIoux CITY MSA

## *Sioux City MSA Nonfarm Employment (Woodbury County IA, Dakota and Dickson Counties, NE, and Union County SD)*

	Apr-06	May-06	Jun-06	Current Qtrly Avg	Year Ago Qtrly Avg	OTY Change
<b>Total Nonfarm</b>	73,300	73,000	73,400	73,200	71,900	1,300
Total Private	64,100	63,700	64,200	64,000	62,500	1,500
Goods Producing	16,100	15,900	16,100	16,000	16,300	-300
Service-Providing	57,200	57,100	57,300	57,200	55,600	1,600
Private Service Providing	48,000	47,800	48,100	48,000	46,300	1,700
Manufacturing	12,600	12,600	12,600	12,600	12,900	-300
Non Durable Goods Manufacturing	9,900	9,800	9,800	9,800	10,200	-400
Trade, Transportation	15,100	14,900	15,000	15,000	14,600	400
Retail Trade	8,600	8,500	8,700	8,600	8,400	200
Professional and Business Services	7,400	7,200	7,200	7,300	7,100	200
Leisure and Hospitality	7,400	7,700	7,500	7,500	7,200	300
Government	9,200	9,300	9,200	9,200	9,300	-100
Federal Government	1,000	1,000	1,000	1,000	1,000	0
State Government	600	600	600	600	600	0
Local Government	7,600	7,700	7,600	7,600	7,700	-100

Source: Bureau of Labor Statistics, Current Employment Statistics

Note: Data not seasonally adjusted

### ***What's New In The Sioux City IA-NE-SD MSA?***

- Total nonfarm employment in the Sioux City MSA increased 1.8 percent or 1,300 jobs from second quarter 2005 to first quarter 2006.
- Goods producing is down 300 compared to second quarter 2005. The employment loss was in Nondurable Goods Manufacturing (food processing) industry.
- Service providing added 1,600 jobs, an increase of 2.9 percent. The largest gains were in Trade and Transportation, and Leisure and Hospitality, up 400 and 300, respectively. Employment in Leisure and Hospitality has been on a steady increase since reaching a trough in February 2005 and is up almost 11 percent since then.
- Government Education had the normal seasonal decline, down 100.

**Nonfarm  
employment gains  
1,300 jobs from 2nd  
quarter 2005.**

**Leisure and  
hospitality sees  
steady growth.**

Metropolitan Statistical Areas (MSAs)

# WATERLOO MSA

## *Waterloo MSA Nonfarm Employment (Black Hawk, Bremer, and Grundy Counties)*

	Apr-06	May-06	Jun-06	Current Qtrly Avg	Year Ago Qtrly Avg	OTY Change
<b>Total Nonfarm</b>	89,200	89,000	87,900	88,700	88,200	500
Total Private	74,200	74,100	74,900	74,400	73,600	800
Goods Producing	20,900	21,000	21,300	21,100	20,400	700
Service-Providing	68,300	68,000	66,600	67,600	67,800	-200
Private Service Providing	53,300	53,100	53,600	53,300	53,200	100
Manufacturing	16,400	16,400	16,500	16,400	16,300	100
Trade, Transportation	16,300	16,400	16,500	16,400	16,400	0
Professional and Business Services	6,700	6,300	6,300	6,400	6,800	-400
Educational and Health	13,100	13,100	13,300	13,200	12,700	500
Government	15,000	14,900	13,000	14,300	14,600	-300

Source: Bureau of Labor Statistics, Current Employment Statistics  
Note: Data not seasonally adjusted

**Durable goods manufacturing is the only industry to show a decline in employment from 1990 to 2006. What was nearly a 24 percent share of total nonfarm employment in 1990 is now less than 19 percent.**

Metropolitan Statistical Areas (MSAs)

### *What's New In The Waterloo/Cedar Falls MSA?*

- Total nonfarm employment for second quarter 2006 averaged 88,700; 500 higher than the same quarter one year ago.
- Trade and transportation remained unchanged from 2nd quarter 2005 to 2nd quarter 2006.
- Professional and business services and government were the only sectors to suffer a loss when compared to second quarter.
- Goods-producing sector employment remained fairly stable from second quarter 2005 to first quarter 2006 before realizing mostly seasonal gains in the second quarter.

# UNEMPLOYMENT INSURANCE

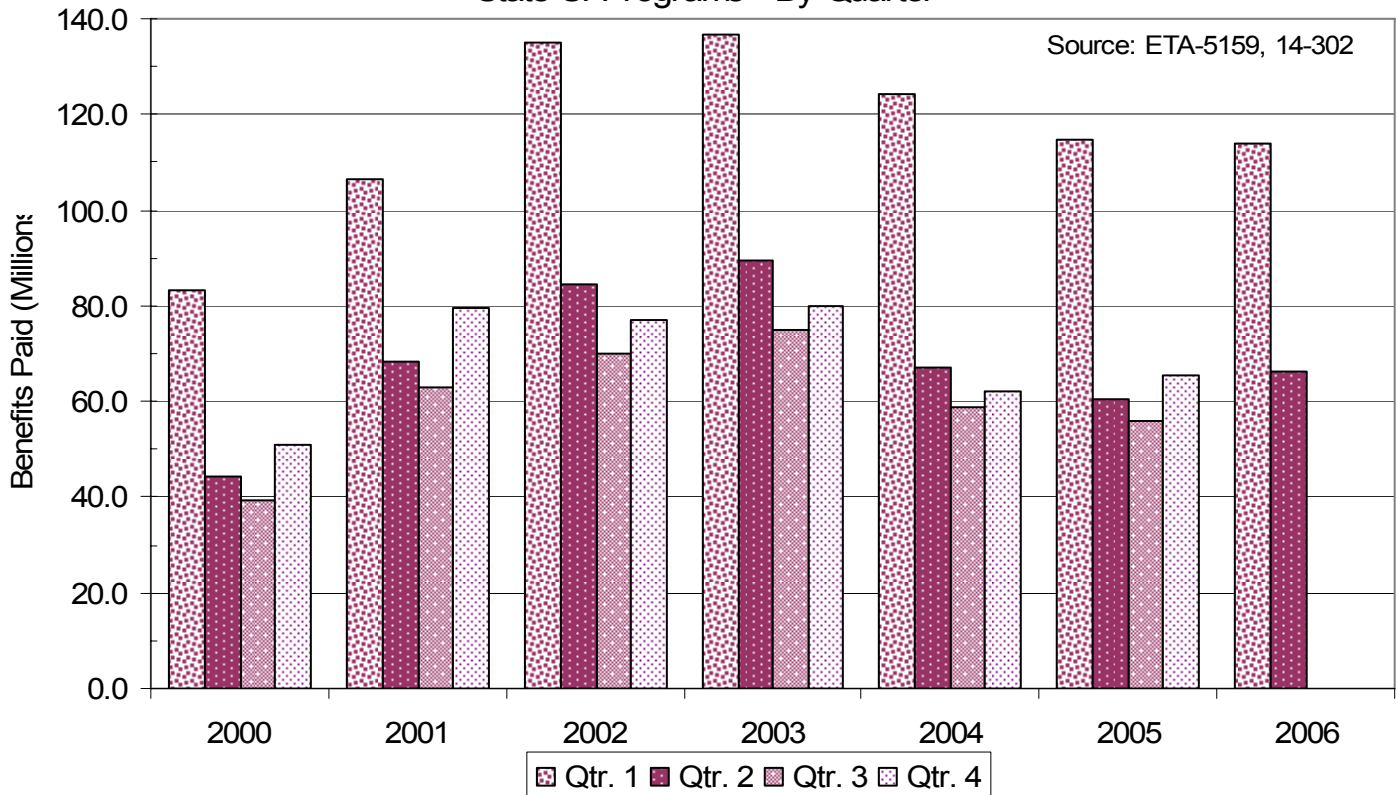
## Unemployment Insurance Financial Activity

Regular Unemployment Insurance (UI)				
Item	Quarter Ending:		Twelve Months Ending:	
	June 2006	June 2005	June 2006	June 2005
Benefits Paid (\$)	66,162,603	60,326,361	301,460,081	295,955,208
Weeks Compensated	250,062	237,802	1,135,849	1,163,329
First Payments	16,708	14,582	89,819	89,469
Final Payments	5,618	5,743	21,832	24,135
Average Benefit per First Payment (\$)	-----	-----	3,356.31	3,307.91
Average Weekly Benefit (\$)	264.58	253.68	265.41	254.40
Average Duration	-----	-----	12.6	13.0
Exhaustion Rate	-----	-----	23.8%	27.1%

Source: ETA-5159

## Unemployment Insurance Benefits Paid

### State UI Programs - By Quarter



# QUARTERLY INDUSTRY REVIEW

## *Central Iowa*

**Ames** - Advanced Analytical Technology, an Ames Company, has learned that it will receive a \$1.45 million grant from the U.S. Department of Defense to help develop a portable rapid bacterial warfare detection unit to counter terrorist's efforts to contaminate drinking water. This new project, along with a \$2 million assistance package last August from the Department of Economic Development and other recent developments, are expected to create incredible growth opportunities for the 8-year old company. Over the past three months, Advanced Analytical has expanded its workforce at the Iowa State University Research Park from 10 to 21. The company expects to add another 60 jobs over the next three years.

**Ankeny** - Embria Health Sciences will receive incentives from the Iowa Department of Economic Development if it creates 28 jobs in Ankeny. The incentives include \$140,000 and tax benefits. Iowa is competing with another location for Embria's \$12 million facility for human dietary supplements.

**Boone** - The Iowa Department of Economic Development has offered tax benefits and \$75,000 to Proliant Health and Biologicals, located in Boone, for an expansion that will create 12 jobs. Proliant provides products to science research industries.

**Centerville** - The Rubbermaid plant in Centerville is closing, leaving its 500 workers without a job. Company officials say the production side will shut down in September, with the distribution side continuing until mid-October. The manufacturing will be shifted to another Rubbermaid plant in Kansas. Workers will get a severance package, and they were also told they could transfer to Kansas. Company officials told workers that the closing was not because of production problems, but because there was more room for expansion at the Kansas plant. The Rubbermaid plant has been in Centerville for 21 years. Rubbermaid's parent company is Newell Rubbermaid, based in Atlanta.

**Des Moines** - Electronic Data Systems Corp. wants to add up to 350 employees to its Des Moines-area workforce, but the company acknowledges it faces a challenge to fill all the positions because of the metro area's low unemployment rate. EDS, based in Plano, Texas, will hire the workers between now and the end of the year for positions at the EDS customer service center at 3600 Army Post Road. Current employment at the center is about 800, including full-time and temporary workers.

**Jefferson** - Another manufacturer will close an Iowa plant, putting 40 people out work by the end of the year. Employees at Chicago Rivet & Machine Company's factory in Jefferson were told late last month that the facility will close by Dec. 31. Its work will be transferred to another company operation in Pennsylvania. A government regulatory document filed by Chicago Rivet said the Jefferson plant, which makes rivets and fasteners, was operating below capacity. Chicago Rivet, which is based in Naperville, Ill., also operates a factory in Albia. The company did not return calls seeking comment on its Iowa facilities.

**Source:** The Quarterly Industry Review is a compendium of excerpts from public announcements, newspapers and periodicals. Iowa Workforce Development does not verify the accuracy of the excerpted information.

# QUARTERLY INDUSTRY REVIEW

## *Central Iowa*

**Lorimor** - Winnebago Industries closed its 46-employee Lorimor sewing plant in June. Winnebago plans to move activities at the plant to factories in Forest City and Charles City, Sheila Davis, a spokeswoman for the company, said. Lorimor Mayor, Kent Forbes, called the closing a huge loss for the community. Winnebago is Lorimor's largest employer and only manufacturer. The plant is the largest employer and the only manufacturing employer in Lorimor. Davis said workers at the plant will be offered jobs at other Winnebago locations. Some workers also may be eligible for retirement, she said. Those who are unable to retire or take a job in another plant will be eligible for unemployment benefits.

**Newton** - Theisen's Home-Farm-Auto, a 79-year-old business, has opened a store in Newton. The store's merchandise includes lawn and garden supplies, power equipment, clothing, and a variety of other items. In 1957, Theisen's opened its first branch store in Maquoketa. The company operates 13 other retail stores across the state. In addition, a 51,000-square-foot store will open in Ames in the fall with 40 employees. Statewide, Theisen's has more than 400 employees.

## *Eastern Iowa*

**Cedar Rapids** - RuffaloCODY has 220 full-time employees, including 120 in Cedar Rapids, and more than 1,200 part-time associates. Chairman Al Ruffalo says business growth will lead to the addition of 20 full-time employees in Cedar Rapids. The positions will include computer operations, programmers, project managers and writers, Ruffalo said. He added that the company is looking for the best and brightest employees. Senior management bought the company back from McLeodUSA in late 2001.

**Farley** - Western Dubuque Biodiesel has been approved to receive \$400,000 and tax benefits from the Iowa Department of Economic Development to create 30 jobs at its plant near Farley.

**Fort Madison** — Plans remain in place to close most of Sheaffer Pen in May. However, company officials said negotiations are under way to maintain some operations. It is possible that the parent company, Bic USA, may not shutter the plant completely for another two years. Bic told workers two years ago that it intended to close the pen-making plant when a labor contract extension affecting 120 employees expires this May. Spokeswoman, Jill Klimack, said Tuesday that certain operations, including Sheaffer's fountain pen point assembly department, will remain open for an unspecified time after May. Currently, about 100 union and non-union employees still work in Fort Madison, where jeweler W.A. Sheaffer opened a plant in 1908 after patenting a self-filling fountain pen.

# QUARTERLY INDUSTRY REVIEW

## *Eastern Iowa*

**Muscatine** - Citing increased overseas competition and higher material costs, Muscatine-based Bandag said that it will cut 175 employees from its U.S. workforce and freeze the company's traditional pension program to reduce expenses. The company, which makes equipment and products to retread tires, said it will first offer early retirement to workers 55 and older as well as voluntary separations before laying off workers. Bandag has 1,200 workers throughout the United States. It's unclear how many of Bandag's 500 employees in Muscatine will be affected, said spokesman Bill Block.

**Oelwein** - The Iowa Department of Economic Development has approved a \$150,000 incentive to help Crystal Distribution Services expand its custom food packaging operations in Oelwein. The new packaging plant will create 55 jobs.

**Waterloo** - The Iowa Department of Economic Development approved incentives for Con Agra Foods in Waterloo to assist with an expansion and modernization of the facility. Con Agra Foods will receive \$150,000 and tax benefits for the \$46 million project that will create an additional 50 jobs.

**Waverly** - A home-grown Waverly manufacturing business is expanding its operations with the addition of a 65,000-square-foot facility in Nashua. The family-owned GMT Corporation, which manufactures machine components and provides fabrication services, took ownership of the former Featherlite facility in a ceremony at Lincoln Savings Bank in Nashua. The expansion reflects a planned growth in the company, CEO Larry Graening said. "We are expanding our capacities to meet the demands of the market," VP of Operations, Jared Graening, added. GMT plans to revitalize the abandoned building with capital improvements of over \$1 million. A combination of city, county and state incentives allowed GMT to purchase the building, which at one time housed 150 workers. The space will allow the company to further expand its capabilities while enhancing its competitive edge. Plans for new jobs over a three-year period in Nashua will add another 50 jobs to the company's payroll, which now has 220 employees in Waverly.

## *Western Iowa*

**Boyden** - Dethmer's Manufacturing Company, one of Northwest Iowa's leading manufacturers, laid off about 10 percent of its workforce on March 24. Department supervisors delivered the announcement that day to the 39 employees being laid off. The Boyden company employs more than 300 workers at its building on the east side of Boyden.

**Red Oak** - The Red Oak community is attempting to replace the loss of the Intier Auto Seating of America (Romeck Inc.) plant which plans to close its facility by the end of the year. The plant employs more than 400 workers. There is speculation that Harley-Davidson or Caterpillar may be considering the plant.

# QUARTERLY INDUSTRY REVIEW

## *Western Iowa*

**Sioux City** - The Iowa Department of Economic Development extended tax benefits to Palmer Candy Company (Palmer & Company) which is upgrading 12,000 square feet of an existing warehouse in Sioux City. The company will hire 10 more workers and install machinery to increase production of peanut brittle, coconut brittle and cashew brittle and bring production of pecan and cherry divinity candy to Iowa from out of state.

**Storm Lake** - The Iowa Department of Economic Development has approved \$400,000 and tax benefits for a proposed \$70 million biodiesel plant near Storm Lake. Raccoon Valley Biodiesel plans to make biodiesel from soybean oil, vegetable oil and animal fats. The proposed plant will create 25 jobs.

# QUARTERLY INDUSTRY REVIEW



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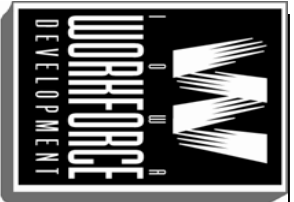


For additional labor market information, visit <http://iwin.iowaworkforce.org>

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