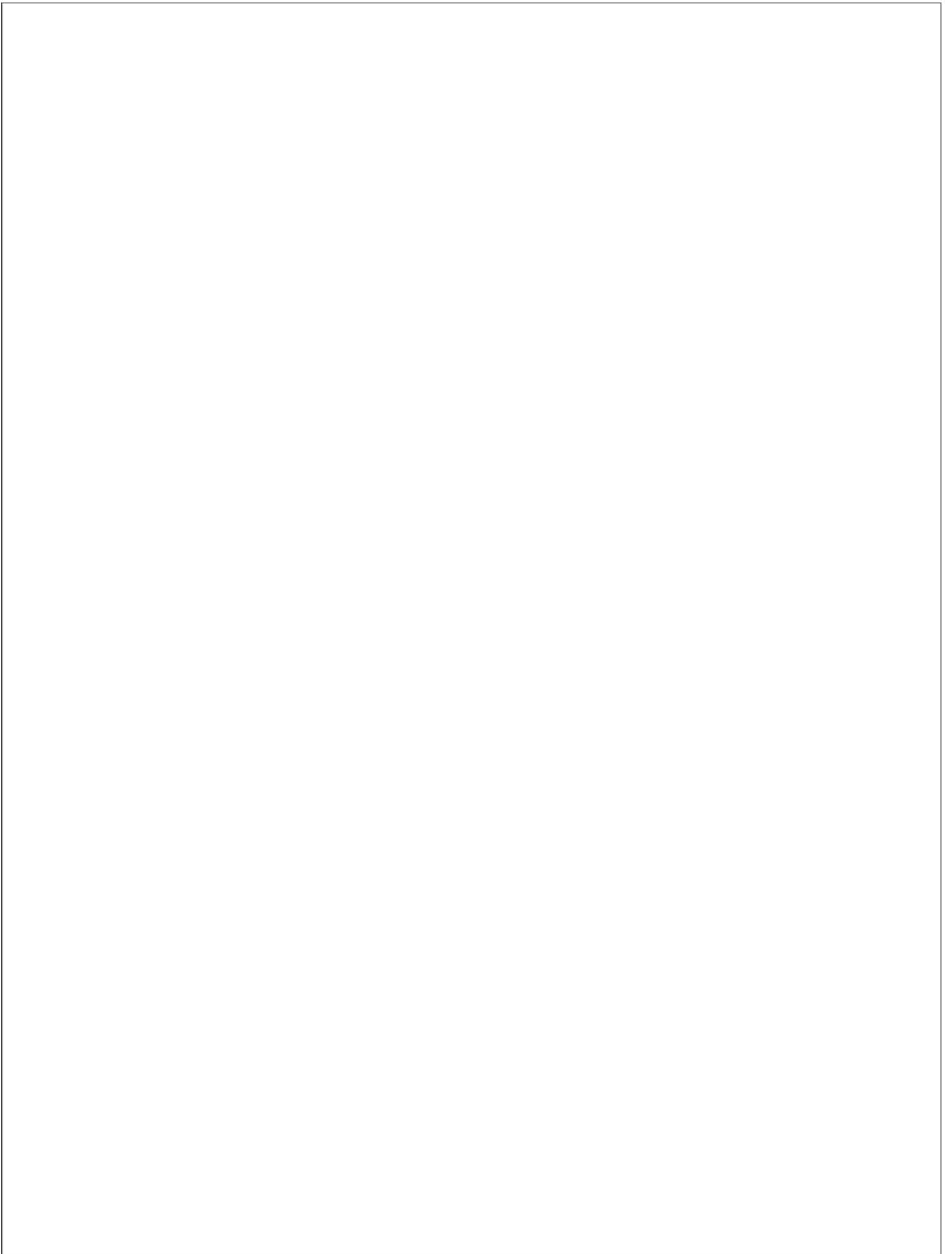


Iowa's Workforce and the Economy



2009



Labor Market
and
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Table of Contents

Message from the Director	1
Executive Summary	2
2008 In Review	4
Natural Disasters Take Toll on Iowa Economy	7
State and Local Labor Force Trends	12
Nonfarm Employment in Iowa—2008	16
Economic Activity for Large Employers Slows Further	20
2008 Population Estimates for Iowa's Counties and Statewide Population by Decade	22
Recent Trends in Public School Enrollment in Iowa	26
State Personal Income	28
Turnover—Businesses' Revolving Door	30
STEM Occupations Promote Innovation	34
Statewide Laborshed Analysis	38



Message from the Director

Once again, Iowans proved to be resilient and resourceful when faced with difficult economic circumstances. The third edition of *Iowa's Workforce and the Economy* highlights the natural disasters that devastated the Iowa landscape in 2008, as well as the national recession that took a firm hold on the state's economy. Relevant and timely information is also included on Iowa's demographic trends, public school enrollments, industry structure, occupations and workers.

Iowa Workforce Development will continue to play a lead role in anticipating and reacting to changes in our statewide economy, particularly as they relate to workforce issues. This publication will provide our state's policy makers with the quality information needed to make decisions about Iowa's future.

Sincerely,

A handwritten signature in cursive script that reads "Elisabeth Buck". The ink is black and the signature is fluid and legible.

Elisabeth Buck, Director
Iowa Workforce Development

Executive Summary

- The U.S. economy officially entered into a recession in December 2007, which was rooted in housing, but quickly spread to the financial sector. Iowa's economy remained somewhat protected from the effects of the recession during the earlier months of 2008 due to the state's strong agricultural sector and increasing exports. However, now that the statewide economy is firmly entrenched in the recession, the job outlook for 2009 and 2010 remains weak. High unemployment, coupled with dim re-employment prospects, will be a significant drag on consumer spending for at least another year.
- A chain of natural disasters took a substantial toll on the Iowa economy in 2008. Severe flooding covered 1,300 city blocks in Cedar Rapids, causing heavy damages to businesses, homes, and public buildings. In Parkersburg, Iowa, an EF5 tornado destroyed about one-third of the town. Total damages from these events has been estimated at \$8 billion to \$10 billion. The 85 Iowa counties that were designated as presidential disaster areas became eligible for Federal Emergency Management Agency (FEMA) assistance.
- Iowa's 2008 unemployment rate averaged 4.1 percent, which was considerably lower than the U.S. equivalent of 5.8 percent. Heavy layoffs in the construction and manufacturing sectors pushed the state's male unemployment rate to 4.3 percent in 2008 from 3.6 percent in 2007. Layoffs in general had intensified by fourth quarter 2008, which was reflected in Unemployment Insurance (UI) data for the period. Weeks compensated under the regular UI program for fourth quarter 2008 were 73 percent above the level reported for fourth quarter 2007.
- While the U.S. economy shed jobs monthly throughout 2008, Iowa first started losing jobs from the same month one year ago with the release of the October 2008 data. Soon after the June floods, the state began to experience a steady wave of recession-related layoffs that continued for the remainder of the year. Overall, Iowa's nonfarm employment increased by a weak 3,900 jobs in 2008. Durable goods manufacturing posted the largest job loss at 2,700. Meanwhile, education and health services increased by 3,500; and government added 3,000.
- The Iowa Business Council is a nonprofit, nonpartisan, self-funded organization whose 23 members are the top executives of 19 of the largest businesses in the state, the three Regent university presidents, and Iowa's largest banking association. On March 2, 2009, the Iowa Business Council (IBC) released the results of its most recent Economic Outlook Survey, which was completed by 19 of its corporate members. The survey gauged the economic outlook for the next six months based on sales, capital spending, and employment. Based on these factors, the Overall Economic Outlook Survey Index (OSI) had fallen to 35.3, eight points lower than the 2008Q4 Overall OSI of 43.3 reported in December 2008, and 31 points lower than the Overall OSI of 66.3 reported for 2008Q1.
- According to 2008 population estimates from the U.S. Census Bureau, Iowa's population reached three million for the first time last year. During the current decade, the state's population growth has clustered around the metropolitan areas. As a result, nearly half of the state's residents live in just ten counties. During the period from 1900 to 2000, Iowa's population grew by a slight 31.1 percent, while the U.S. population more than doubled in size.
- Public school enrollment trends can tell us a great deal about Iowa and its counties, and how they are faring in the competition for young workers and their families. On net, the state's population of school-aged children, as measured by enrollment, has declined by 1.7 percent during the last decade. In general, Iowa's metropolitan areas have been more successful in attracting families with children than those areas located outside of metro areas.
- In 2008, Iowa had a total personal income of \$110.1 billion, which was up 5.7 percent from 2007, and ranked 29th in the nation. Personal income growth slowed in all states last year with the exception of Alaska. Earnings accounted for slightly over 68 percent of Iowa's personal income in 2008, while investment income and transfer payments accounted for fairly equal portions of the balance. Iowa's per capita personal income for 2008 was \$36,680, which represented 92.3 percent of the national average of \$39,751.

- The high cost to businesses of losing employees has long been recognized. Direct costs to companies include recruitment, selection, and the training of new staff. There are indirect costs related to the distribution of the workload and overtime pay for current staff. Turnover rates for Iowa's industry sectors show that the administrative support and accommodations and food services sectors reported the highest turnover rates, both in 2000 and 2008. The data showed only slight differences in turnover between males and females, but there were dramatic differences in turnover based on age. The turnover rate for workers, age 14-18, averaged 23.2 percent for the time period 2000-2008, while the rate for workers, age 55-64, was 5.7 percent.
- The Science, Technology, Engineering, and Mathematical (STEM) occupations employ about 139,000 people in Iowa, and are growing faster than all occupations. The STEM occupations reside in highly innovative fields, and act as economic catalysts. The current set of long-term occupational projections shows that one in eight new jobs will be STEM-related between 2006 and 2016, and six of ten new STEM jobs will be in health.
- The Statewide Laborshed Analysis is based on responses received from 6,000 Iowans who responded to a statewide survey conducted between January 2008 and December 2008. The results of the survey showed that 83.1 percent of the respondents identified themselves as being employed at the time they were contacted. Over one-tenth (12.6%) of those who were employed, indicated that they were willing to change employment. The wage threshold of employed residents who expressed a willingness to change employment was estimated to be \$14.25 to \$15.00 per hour regardless of industry. Salaried employees willing to change employment had a threshold of \$55,000 to \$60,000 per year.

2008 In Review

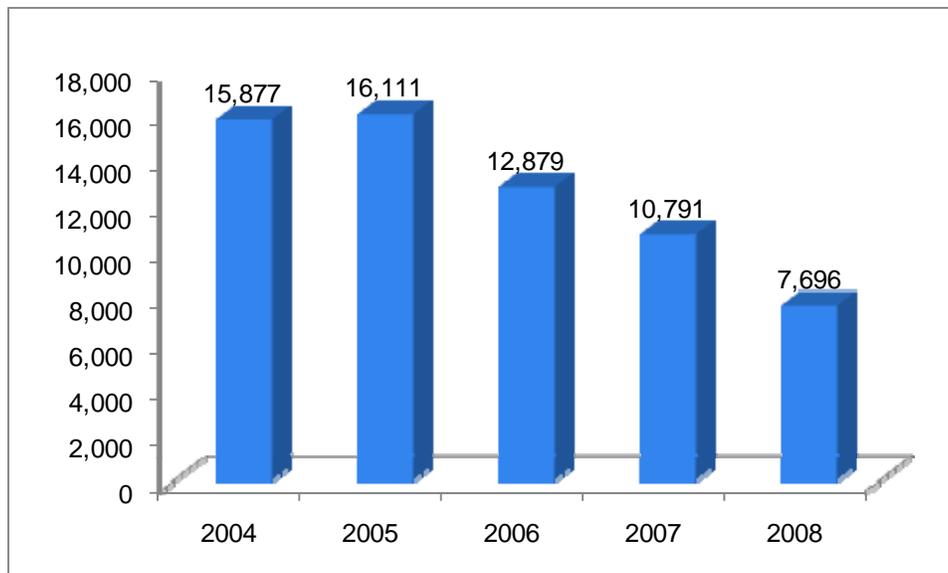
Housing Downturn Leads to Recession

The U.S. has been mired in a deep recession that officially began in December 2007. Since that time, most of the states have followed suit, as their individual economies fell victim to the effects of the ongoing housing downturn, turmoil in the financial markets, and a subsequent drop in consumer and business confidence. It is widely accepted that the housing downturn, which started in 2006, is a primary cause of the broader economic weakness. The biggest booms and busts occurred in four states: Arizona, California, Florida, and Nevada, where there was a large amount of speculative activity. In 2006, home prices started to go down, and about a year later, borrowers of subprime mortgages started to default on their loans. The sharp rise in mortgage foreclosures resulted in the loss of hundreds of billions of dollars among the nation's leading banks, and a tightening of credit. Housing continues to remain the weakest link in the U.S. economic outlook.

According to RealtyTrac, the leading online marketplace for foreclosure properties, close to 5,400 Iowa properties had foreclosure filings in 2008. That represents a 31 percent increase from 2007, and a 136 percent increase from 2006. Iowa's foreclosure rate ranked 40th among the 50 states with one in every 245 housing units receiving a foreclosure filing. Overall, Iowa accounted for less than one percent of the 2,330,483 properties nationwide that were in foreclosure. Five Iowa counties were responsible for 67 percent of all foreclosure activity in the state during 2008: Polk (1,735), Linn (627), Scott (519), Pottawattamie (425), and Woodbury (297).

Housing statistics compiled by the National Association of Realtors showed that distressed sales (foreclosures and short sales) accounted for 45 percent of transactions in the U.S. for fourth quarter of 2008, up from 38 percent in the third quarter. This is an indication that people are responding to discounted prices, and are slowly absorbing the excess inventory. For 2008, sales of single-family homes and condos in Iowa decreased to 55,800 units from 70,500 in 2007. Meanwhile, housing permits for 2008 were about 57 percent of the peak level reported for 2005.

Figure 1. Iowa New Residential Housing Permits, 2004-2008



Source: Census Bureau, U.S. Department of Commerce.

What makes this recession different? The 2001 recession reflected the fallout from excessive spending on technology-oriented enterprises, such as telecommunications, and other capital equipment. However, throughout the 2001 recession, consumer spending was resilient, and was supported by rising home prices and easy credit. The current recession, however, will be different as deleveraging compels strapped consumers to get their finances in order. The key factor underlying the current economic downturn has been the behavior of financial institutions and consumers, who increased their borrowing to unprecedented and unsustainable levels in the excitement of the “boom” in housing.

While the current recession is rooted in housing, it quickly spread to the financial sector, and became global in scope. Wall Street had made it easier for buyers to get loans. It transformed the mortgage business from a local one to a global one, in which investors from around the globe could pool money to lend. In this environment, new mortgage products became popular, and many of these loans went to individuals who were stretching their financial resources to afford a house. These mortgages were then sliced into pieces and bundled as investments, often referred to as collateralized debt obligations, or C.D.O.s. Once bundled, different types of mortgages could be sold to different groups of investors. While default rates in the subprime mortgage market are most often cited as the main cause of the problems in the housing market, the large supply of unsold homes was another contributing factor.

The collapse of Bear Stearns in early 2008, followed later by a series of liquidity and solvency issues involving Lehman Brothers, Merrill Lynch and AIG led to a credit market panic in mid-August. The confidence of businesses and consumers eroded, as credit conditions tightened further in September and October. These conditions caused the recession to deepen during fourth quarter. Iowa began to experience some of the effects of the nationwide recession as early as second quarter, but layoff announcements surged during the latter part of 2008.

While the credit crisis has shaken Wall Street to its core, the thousands of community banks that make up the major share of the nation's banking system remain, to a large extent, secure. Iowa's banks are healthy because of strong lending in the agricultural sector, the absence of extremes in the housing market, and isolation from subprime lending. Despite the recession, loans from Iowa's 322 banks increased by more than \$2 billion in 2008. However, due to the current environment, banks put more money in reserves last year to cover potential loan losses. The provision for loan losses increased to \$186 million in 2008 from \$71 million in 2007.

Figure 2. Iowa State Bank Statistics

State Bank Data	(millions of dollars)		
	2008	2007	2006
Total Number of Banks	322	332	341
Total Assets	45,591	42,367	40,944
Total Loans	32,003	29,925	28,802
Total Deposits	35,922	33,424	32,663
Capital	4,486	4,225	4,059
Net Interest Income	1,440	1,306	1,297
Non-Interest Income	315	291	294
Provision for Loan Losses	186	71	53
Overhead	1,072	992	985
Net Operating Income	420	440	446

Source: Iowa Division of Banking.

State Benefits from Agricultural Sector, Rising Exports

Despite early warning signs of an impending recession and the aftermath of the June floods, 2008 was a strong year for agriculture. The state's agricultural prosperity was reflected in rising farmland values, which have been trending upward for some time. The average value of an acre of farmland in Iowa reached \$4,468 in 2008, an increase of \$560 over last year. Land values almost doubled in the state since 2003, going from \$2,275 to \$4,468 an acre in just five years. In 2008, three counties had farmland that averaged more than \$6,000 per acre (O'Brien, Scott, and Sioux). Land values were largely driven by agricultural commodity prices that had continually increased until July 2008. Corn averaged \$5.41 per bushel in July, and fell below \$3.00 by the end of the year. Meanwhile, soybeans dropped from \$13.10 to \$8.00 per bushel over the same six-month period. The decline in oil prices, the abundant fall harvest, and the global economic downturn were responsible for the drop in corn and soybean prices later in the year. Last year's volatility in agricultural commodity prices leave Iowa's farmers with an uncertain future for 2009.

A weak dollar helped lift the state's exports by 25.2 percent in 2008 because it was cheaper for foreign countries to buy U.S. goods. Iowa's exports rose to \$12.1 billion last year from \$9.6 billion in 2007, and more than doubled the dollar amount reported for 2003. Texas and California were the nation's top states for exports, while Iowa ranked in 30th place. The state's leading export products were machinery and meat, which totaled \$2.6 billion and \$1.1 billion, respectively. Iowa exported \$3.8 billion worth of merchandise to Canada in 2008, almost close to one-third of total exports for the year. Canada was followed by Mexico (\$1.9 billion), Japan (\$824 million), and Germany (\$573 million).

2009 Economic Outlook

The U.S. economy is still headed down, and it will be for a while. Before conditions improve, unemployment will rise, business bankruptcies will increase, house prices will drop further, and consumer confidence will remain low. High unemployment, coupled with dim re-employment prospects will be a significant drag on consumer spending throughout 2009 and 2010. Iowa also stands to lose some support from exports since most major foreign countries are already in recession, or about to slip into one.

The housing market is expected to reach bottom in late 2009. However, in some of the more distressed housing markets, prices will not reach a bottom until 2010 or 2011. Existing home inventories remain high with few buyers in sight. The new federal stimulus package should revive the housing market by stimulating home sales, stabilizing home values, and preventing some homeowners from being "underwater" on their mortgage, which can often lead to foreclosure.

Nationwide, more than six million jobs will be lost by the time the recession is over, which will represent over four percent of total nonfarm employment. The current recession is expected to end in late 2009, but the recovery will be slow and painstaking. Most economists feel that the stimulus package will be more effective at supporting an ultimate recovery than arresting the current decline. Few components will hit the economy before the second half of the year, with the largest boost coming in late 2009, and into 2010.

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Natural Disasters Take Toll on Iowa Economy

Overview of Events

During the spring and early summer of 2008, Iowa's economy was attacked from two fronts—the national recession that was steadily gaining a foothold in the state, and a string of natural disasters that left behind billions of dollars in damage. The last time that a natural disaster had dealt such a heavy blow to Iowa was in 1993, when massive flooding affected every county in the state. Although damages are still being assessed, the destruction from last summer's flooding and tornadoes has been estimated at \$8 billion to \$10 billion.

The chain of natural disasters began on Sunday, May 25, 2008, when an EF5 tornado swept through Parkersburg, wiping out about one-third of the town. The tornado spared Parkersburg's Main Street, but damaged or destroyed several hundred homes, 21 businesses, the high school, city hall, and the town's only grocery store and gas station. Homes were also flattened in nearby Dunkerton and New Hartford. A total of nine lives were lost—seven in Parkersburg and two in New Hartford. The Parkersburg tornado proved to be the deadliest in Iowa since May 15, 1968, when a tornado struck Charles City and killed 13 people. Just a couple of weeks later, an EF3 tornado struck the Little Sioux Boy Scout Camp in the Loess Hills in Monona County, claiming the lives of four Boy Scouts and injuring over 40 other individuals.

In late May and early June of 2008, Iowa experienced a continuous sequence of storms that dumped over 16 inches of precipitation on some parts of the state. Streams throughout Iowa were at record flood levels, and the 100-year and 500-year flood levels were exceeded in many parts of the state. Statewide, nine Iowa rivers crested at record levels. Storms caused 85 of the state's 99 counties to be declared Presidential Disaster Areas. Entire towns were covered in water, including Palo, northwest of Cedar Rapids, and Oakville, in southeast Iowa.

Cedar Rapids, Iowa's second-largest city, incurred the most damage from the flooding, as water from the Cedar River covered 1,300 city blocks and damaged 832 businesses and 3,984 residences. City Hall, the Linn County jail, the fire department, the public library's collection and 3,900 homes were all under water. Officials at Mercy Medical Center in Cedar Rapids, fearing the loss of power, sent 176 patients to other facilities. In historic Czech Village, many businesses were inundated by water and forced to close. Normal production activity at several of the city's manufacturing plants was also disrupted. Quaker Oats, well known as the world's largest cereal factory, was shut down and surrounded by water due to the flooding.

The University of Iowa in Iowa City sustained \$743 million in damage from the flooded Iowa River, which splits the campus. On Saturday, June 14, more than 2,000 volunteers were on campus to make a last push against the flood waters. The Iowa River crested at 31.5 feet on Sunday, June 15, resulting in massive damage to the campus. An assessment of the flood damage determined that 20 major buildings on the UI campus had been affected, including the Art Building East and the 36-year-old Hancher Auditorium. After reimbursement through flood insurance and the Federal Emergency Management Agency (FEMA), the university will have to absorb about \$185 million of the damages.

Of the 99 counties in Iowa, a total of 86 counties were governor-declared disaster areas, and 85 were presidential-declared disaster areas. The 85 counties that had received presidential disaster declarations became eligible for Federal Emergency Management Agency assistance. The governor-declared disaster areas included roughly 45,000 square miles and nearly 700 cities across the state. The flooding exceeded the level experienced in 1993.



*Photos courtesy of:
Rebuild Iowa Office*

Timeline of Events

- **May 25, 2008** – EF5 tornado strikes Parkersburg, and destroys about one-third of the town.
- **June 6** – The Iowa Homeland Security and Emergency Management Division issued a warning that flooding of the same magnitude of 1993 was possible.
- **June 8** – Flooding was occurring in the northern part of the state. The Winnebago River crested at 18.75 feet in Mason City.
- **June 9** – The Upper Iowa River was breached at Decorah, and parts of the city were flooded.
- **June 11** – The Little Sioux Boy Scout Camp, located in the Loess Hills in Monona County, was struck by an EF3 tornado. Four Boy Scouts were killed, and 48 other individuals were injured.
- **June 11** – The entire town of Palo in Linn County was ordered to evacuate.
- **June 13** – The Cedar River crested at 31.1 feet in Cedar Rapids, almost 20 feet above flood stage.
- **June 14** – A levee breach occurred at Sixth and New York Streets in Des Moines (Polk County). Another levee breach occurred in the Lagoon area of Des Moines.
- **June 15** – The Iowa River crested at 31.5 feet, and Coralville Lake crested at 716.97 feet above sea level. A levee breach also occurred in Oakville (Louisa County).
- **June 21** – The Cedar River dropped below the 12-foot flood stage in Cedar Rapids for the first time since June 2.
- **June 27** – Governor Culver signed Executive Order No. 7, creating the Rebuild Iowa Office, Rebuild Iowa Advisory Commission, and nine Rebuild Iowa Task Forces to coordinate recovery efforts for the state.

Assessing the Damage

Natural disasters impact a community's well-being in two basic ways. First, the floods and tornadoes of 2008 destroyed what had been produced in the past, such as homes, businesses, public infrastructure, property, crops and livestock, and even human lives. Secondly, normal business activity was disrupted, which caused lost inventory, sales, productivity, profits and also lost wages for thousands of workers. In the case of Iowa, it also undermined a state economy that was already beginning to suffer from the effects of a national recession.

Communities' public services were also affected by the flooding. Cities and towns around the state had to restore supplies of safe drinking water, repair roads and bridges, restore public lights, oversee clean-up activity, and haul away tons of debris. For the City of Cedar Rapids alone, about 81,000 tons of debris was collected and removed to landfills at an estimated cost of \$1.7 million. Since property taxes and local taxes will decline significantly in the flooded areas, the recovery effort will rely primarily on the availability of federal and state disaster assistance funds, along with funds borrowed from various financial institutions. Today, local, state and federal agencies are still working together to provide Iowans with resources to assist them as they continue to rebuild their lives. The Public Assistance dollars that have been obligated to date are shown below:

Figure 1.
Top Ten Public Assistance Counties

County	FEMA Dollars Obligated (as of June 1, 2009)
1. Linn County	\$211,385,123
2. Johnson County	\$128,366,748
3. Black Hawk County	\$22,675,098
4. Butler County	\$14,128,577
5. Polk County	\$11,556,346
6. Dubuque County	\$10,770,796
7. Benton County	\$8,207,849
8. Jones County	\$6,597,970
9. Des Moines County	\$5,670,188
10. Delaware County	\$5,210,007

Source: Rebuild Iowa Office.

Figure 2.
Public Assistance Dollars Obligated

Public Assistance Dollars	Purpose
1.25 billion:	Joint State/FEMA/SBA dollar amount approved to help the citizens of Iowa recover from the disasters.
590. million:	Dollar amount approved for repair/rebuilding public buildings and roadways under FEMA's Public Assistance program.
264.6 million:	U.S. Small Business Administration (SBA) federal disaster loans.
122. million:	FEMA's Individual Assistance Housing program grants.
21.2 million:	Dollar amount approved for "Mission Assignments," where emergency work is assigned to other federal agencies.
16.3 million:	Iowa households assisted through the Other Needs Assistance program.
6.8 million:	Dollar amount approved to assist Iowans through the Disaster Unemployment Assistance program.

Source: Rebuild Iowa Office.

Flooding across the state forced the closure of 464 miles of Iowa's primary highway system and 303 bridges and culverts. The Iowa Department of Transportation (IDOT) identified 125 miles of primary highway that had been damaged by the floods, while its rail office counted 17 railroad bridges that had been damaged or destroyed and several hundred miles of track that had been washed out or damaged by the floodwaters. One short-line railroad, the Cedar Rapids and Iowa City Railway Company, also known as CRANDIC, incurred \$8.5 million in damages.

The IDOT monitors projects that are submitted to the Federal Highway Administration (FHWA) during disasters, and reported that the total amount of damage estimates approved by FHWA statewide was \$31,664,956. This figure represented disaster-related projects submitted by the IDOT, the Iowa Department of Natural Resources, counties, cities, and the railroads. The following counties accounted for over half of the total FHWA estimate: Allamakee (9.6%), Benton (4.2%), Crawford (4.5%), Johnson (4.0%), Linn (14.9%), Louisa (6.8%), and Muscatine (13.0%). The IDOT also submitted eligible disaster costs (not eligible for FHWA funding) to FEMA for reimbursement. The total of all eligible FEMA costs was \$3,289,244. Of this amount, \$1,087,955 was directly related to the repair of the highway system.

The floods of 2008 also had a significant impact on the state's agricultural sector. Preliminary estimates indicated that 1.3 million corn acres and up to 2 million acres of soybeans had been drowned out or had not been planted, placing the monetary loss between \$2.5 billion and \$3 billion. However, according to Chad Hart, Assistant Professor of Economics at Iowa State University, improved weather and crop conditions immediately after the flooding helped to lessen the effects. He pointed out that Iowa's agricultural producers are strong supporters of crop insurance, and in 2008, nearly 85 percent of Iowa harvested cropland was covered by some form of crop insurance. Thus far, Iowa producers have received \$1.09 billion to for the 2008 crop year. Every county in Iowa has received at least \$3 million from crop insurance, with the average being \$10.9 million. Six counties (Delaware, Franklin, Fremont, Hamilton, Kossuth and Wayne) have received over \$20 million each. Another federal program, the Supplemental Revenue Assistance Payment Program (known as SURE) will also provide payments to Iowa producers for flooding impacts. These payments have yet to be determined, but 90 of Iowa's 99 counties have qualified for the SURE payments. The flood also had other impacts, such as the loss of livestock and the additional costs of agricultural production and marketing, but there are no firm numbers available at this time.

Assistance Provided by Iowa Workforce Development

Regular unemployment insurance (UI) as well as Disaster Unemployment Assistance (DUA) were provided to thousands of Iowans as a direct result of the 2008 natural disasters. Under the regular UI program, a total of 7,977 claimants indicated that at least one week of their period of unemployment had been related to the disasters.

Figure 3. Regular UI Claimants Impacted by Disasters

Industry	Claimants		Benefits
	Number	Percent	(Average Duration in Weeks)
Total, All Industries	7,966	100.0	6.9
Manufacturing	3,543	44.5	4.3
Accommodation and Food Services	1,155	14.5	8.7
Administrative and Support, Waste Management, Remediation	589	7.4	9.1
Construction	522	6.6	12.4
Retail Trade	474	6.0	10.0
Transportation and Warehousing	270	3.4	9.7
Health Care and Social Assistance	251	3.2	5.7
Other Services (except Public Admin.)	200	2.5	7.8
Public Administration	143	1.8	2.8
Professional, Scientific and Technical Services	130	1.6	10.8
Wholesale Trade	110	1.4	8.8
Educational Services	93	1.2	4.8
Information	63	0.8	7.8
Finance and Insurance	40	0.5	11.3
Real Estate, Rental and Leasing	35	0.4	11.8
Arts, Entertainment and Recreation	28	0.4	9.6
Agriculture, Forestry and Related	25	0.3	10.5
Mining	17	0.2	7.8
Industry Not Available	278	3.5	6.9

Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

Of the group receiving regular unemployment insurance, close to 2,000 had also experienced a spell of unemployment that was tied to the deteriorating economic conditions. About 45 percent of the claimants had been employed in manufacturing, the sector of the Iowa economy that was hit hardest by both the disasters and the recession. Disaster Unemployment Assistance provided financial assistance to individuals whose employment or self-employment had been lost as the result of the tornadoes or flooding. The 2,282 Iowans who were eligible for the program consisted primarily of farmers, self-employed workers, and other individuals who were determined ineligible for regular state unemployment insurance. Total compensation for these individuals amounted to \$6,598,919.

Iowa Workforce Development also received a \$17.1 million National Emergency Grant from the U.S. Department of Labor to administer an Emergency Public Jobs program. The grant specifically targets individuals whose employment was affected by the disasters, providing them an opportunity to work at rebuilding the state. Individuals are hired for a maximum of 1,040 hours to work on clean-up and restoration projects. They are also provided with additional services, such as support services, job search assistance, and post-secondary training opportunities. As of March 31, 2009, a total of 993 individuals had participated in the program. The program became effective on May 27, 2008 and will run through June 30, 2010.

Economic Benefit of Reconstruction Efforts

If 2008 mirrors Iowa's experience after the 1993 flooding, economic data for the state should show a short-term burst in economic activity following last year's disasters. However, the gains from rebuilding and restorative work will be short-term, highly localized, and concentrated within specific industrial categories. Typically, rebuilding merely replaces lost capital stock, but does not exceed what would have been produced without the disaster. As homes and businesses are rebuilt or restored and infrastructure projects get underway, related sectors of the economy stand to benefit.

To determine the impact of the 2008 floods on retail sales, the Iowa Department of Revenue conducted a preliminary analysis that compared changes in taxable sales between second and third quarters of 2008 and between third quarter 2007 and third quarter 2008. The flood impact study focused on 57 business types that included construction contractors, traditional retailers, bars, restaurants, and lodging facilities. These businesses accounted for between 64 percent and 66 percent of total taxable sales during the three quarters analyzed. The five types of businesses that experienced the greatest increase in taxable sales statewide from the second quarter 2008 to the third quarter 2008 were home centers (\$39.3 million), hotels and other lodging places (\$32.8 million), gas stations and convenience stores (\$20.2 million), plumbing, heating, and air conditioning contractors (\$17.8 million), and general contractors (\$17.1 million).

Conclusion

After lengthy deliberation and careful planning, the 2008 disasters spurred a new vision for Iowa's future. The Iowa Legislature recently approved bills to enact all 12 recommendations of the Rebuild Iowa Advisory Commission that will help the state rebound from last year's flooding and tornadoes, and put strategies in place for disaster prevention. The bills include direct financial aid for individual homeowners and businesses, and the rebuilding of roads, bridges, and public buildings. Individual households will be able to obtain up to \$2,500 for needs that have not been met by other programs. In addition, an appropriation of \$24 million has been made to the Iowa Finance Authority for a "Jumpstart" housing program that assists homeowners in refurbishing or replacing flood-damaged homes. The legislation also allows greater flexibility for state and local governments in spending disaster-related funds. To help develop models for flood forecasting and flood plain mapping, a flood center will be established at the University of Iowa. Money has also been appropriated for the Department of Natural Resources to support the flood plain management mapping process.

All of these measures will ensure that Iowa will be prepared for its next major natural disaster; however, they cannot fully compensate for the tangible and intangible losses suffered by individuals, businesses, and public institutions.

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State and Local Labor Force Trends

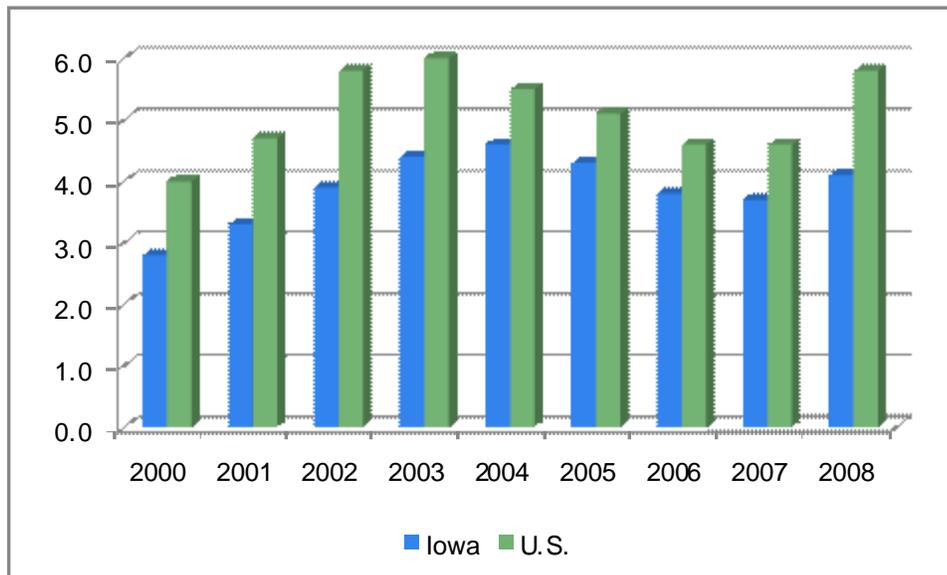
Iowa's economy fell into recessionary territory during third quarter 2008, approximately nine months after the recession had been officially determined for the U.S. In late summer of last year, a steady wave of layoffs occurred around the state. Most of the initial layoffs were announced by companies that were dependent on the homebuilding industry, such as appliance and building materials manufacturers. However, the layoffs quickly broadened to encompass most industry sectors in the state.

Studies of past recessions have shown that these downturns are caused by excesses that build up during the boom times, which cause capital to be misallocated. The combination of easy and abundant credit along with the lowest interest rates in a generation helped fuel an unprecedented boom in housing. As early as 2006, imbalances in credit and housing were causing the U.S. economy to unravel, and the country would soon be led into a deep and lengthy recession that eventually filtered down to the states. The unique characteristics of the current recession are a significant decline in home prices and the resulting financial crisis.

In 2008, jobless rates soared in California, Nevada, and Florida, where housing had been troubled for some time. Michigan reported the highest unemployment rate in the nation at 8.4 percent. The state's unemployment problems were directly tied to continuing layoffs and plant shutdowns in the beleaguered auto industry. In 2008, South Dakota posted the lowest jobless rate among the states, 3.0 percent, followed closely by Wyoming at 3.1 percent, and North Dakota at 3.2 percent. Iowa's 2008 unemployment rate of 4.1 percent ranked as the tenth lowest in the nation, and was 1.7 percentage points lower than the national equivalent of 5.8 percent.

The current recession has placed a disproportionate burden on Iowa's males due to the large layoffs that have occurred in construction and manufacturing over the past year. Iowa's male unemployment rate rose from 3.6 percent in 2007 to 4.3 percent in 2008. Meanwhile, the female unemployment rate actually declined from 3.8 percent in 2007 to 3.6 percent in 2008.

**Figure 1. Iowa and U.S. Unemployment Rates
Annual Averages, 2000 – 2008**



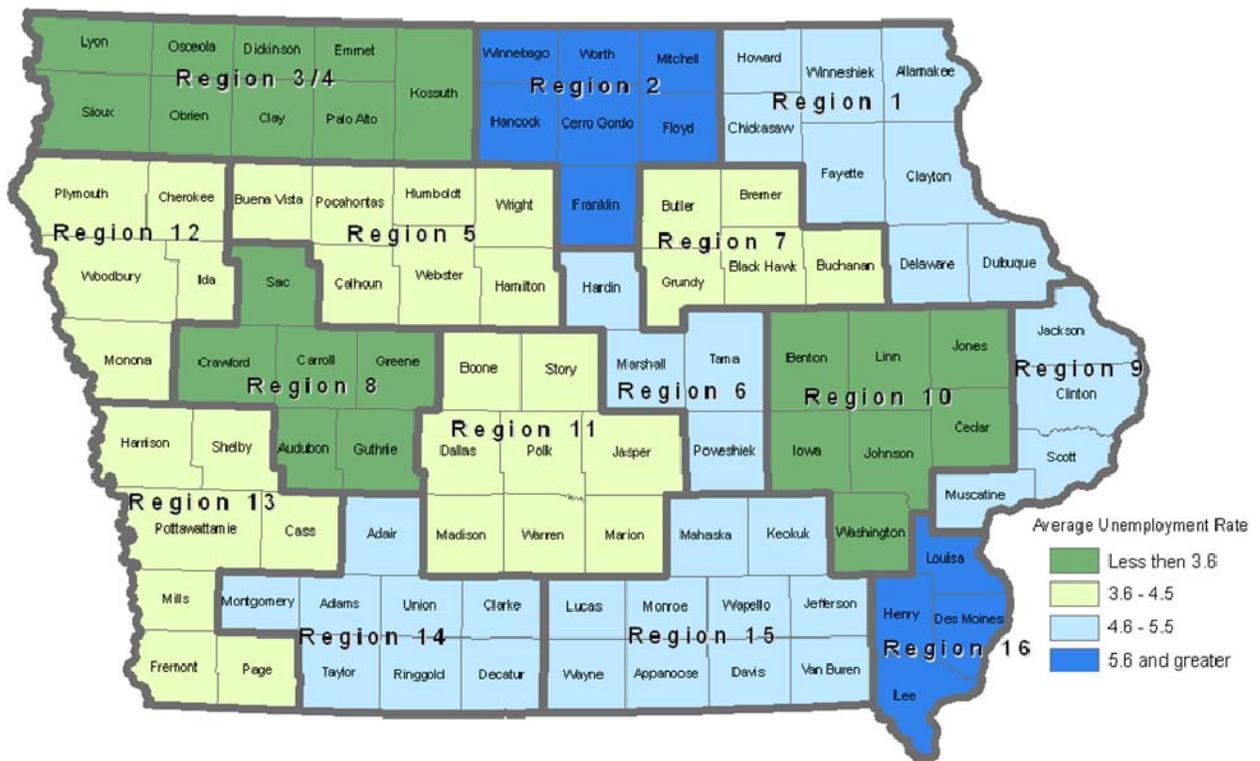
Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

**Figure 2. Labor Force Data by Iowa Workforce Development Region
Annual Averages for 2007 and 2008**

Region	Labor Force		Employed		Unemployed		Unemployment Rate	
	2007	2008	2007	2008	2007	2008	2007	2008
1	116,120	116,180	111,350	110,820	3,790	5,350	4.1	4.6
2	62,370	62,480	59,960	59,310	2,410	3,210	3.9	5.1
3-4	77,150	77,840	74,670	75,140	2,460	2,690	3.2	3.4
5	60,560	60,930	58,390	58,570	2,160	2,380	3.6	3.9
6	49,370	48,990	47,370	46,620	2,020	2,370	4.1	4.8
7	112,940	113,940	108,630	109,400	4,210	4,540	3.7	4.0
8	41,590	35,940	40,130	34,740	1,350	1,300	3.3	3.5
9	151,760	153,160	146,070	146,640	5,690	6,620	3.7	4.3
10	252,560	256,200	243,780	246,840	8,580	9,470	3.4	3.7
11	404,060	407,610	389,950	391,510	14,220	16,220	3.5	3.9
12	84,760	85,470	81,470	82,260	3,280	3,210	3.8	3.8
13	91,620	92,070	87,850	88,290	3,770	3,790	4.1	4.1
14	33,560	33,620	32,060	32,100	1,480	1,500	4.4	4.5
15	70,800	70,930	67,780	67,600	3,130	3,320	4.4	4.7
16	55,280	54,770	52,600	51,590	2,680	3,190	4.8	5.8

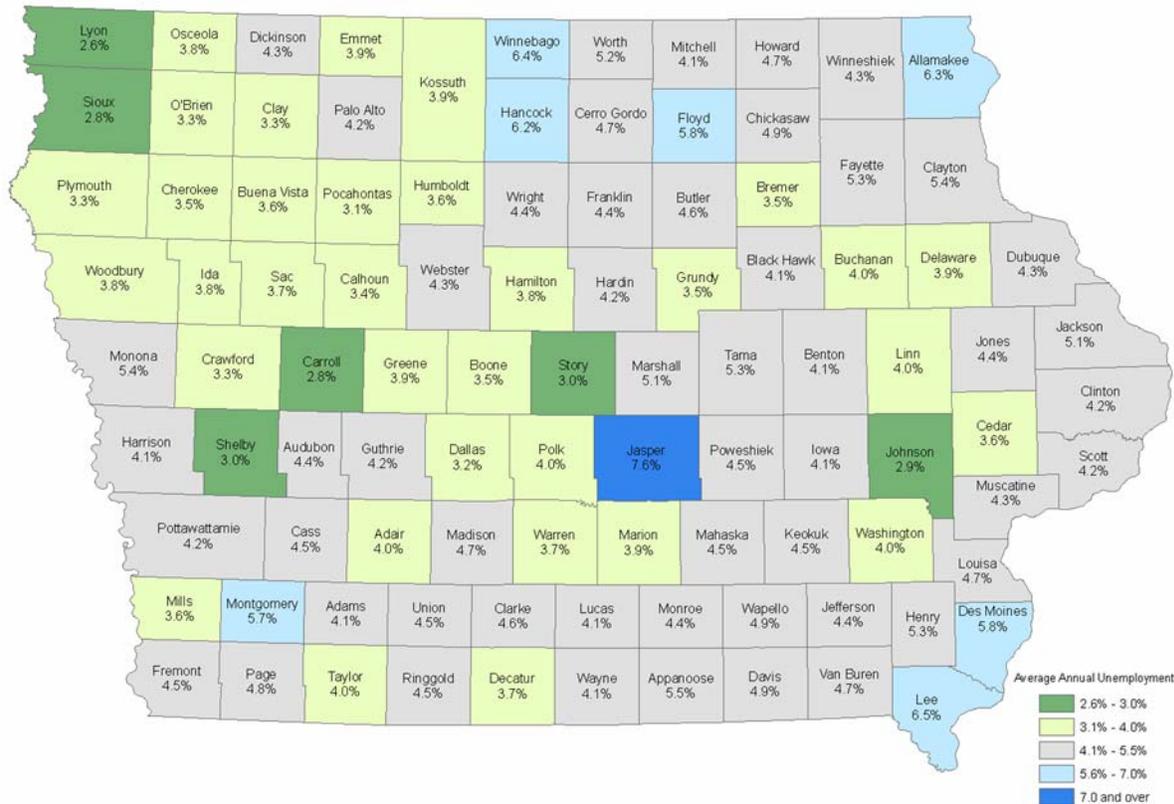
Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

**Figure 3. 2008 Annual Average Unemployment Rates
by Iowa Workforce Development Region**



Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

Figure 4. 2008 Annual Average Unemployment Rates by County



Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

Recession Causes Rise in Unemployment

The number of unemployed persons in Iowa increased to 69,000 in 2008 from 62,300 in 2007. Historical records show that the state’s unemployment rate peaked in 1983, when a deep recession and a farm crisis pushed the unemployment rate to 8.3 percent, and the level of unemployed to 118,400. The state experienced its lowest unemployment in 1999 with a jobless rate of 2.6 percent, and level of unemployed at 41,800.

As layoffs picked up momentum in late 2008, a larger number of lowans filed for unemployment benefits. The number of weeks compensated for regular unemployment insurance (UI) rose by 24 percent last year, increasing from 1,176,569 in 2007 to 1,459,395 in 2008. The highest number of weeks compensated in the decade was 1,532,402 in 2003, and the historic high was 2,218,692 in 1982.

Over-the-year growth in weeks compensated increased during 2008, as the state’s employment situation deteriorated. Weeks compensated for the first quarter of 2008 showed little change from the same quarter of 2007. However, weeks compensated for fourth quarter 2008 were 73 percent above the level reported for fourth quarter 2007.

In addition to having one of the lower unemployment rates in the nation, a high proportion of the state’s total unemployed received unemployment benefits in 2008. Iowa’s UI reciprocity rate for 2008 ranked tenth in the nation. (The reciprocity rate represents the insured unemployed in regular programs as a percent of total unemployed.) In 2008, 44 percent of the state’s unemployed received unemployment benefits through regular UI programs, and 49 percent through all programs.

Figure 5. Regular Unemployment Insurance Weeks Compensated

Quarter	2008	2007	Change from 2007	
			Number	Percent
1	470,725	466,427	4,298	0.9
2	305,984	262,710	43,274	16.5
3	273,533	210,864	62,669	29.7
4	409,153	236,568	172,585	73.0
Total	1,459,395	1,176,569	282,826	24.0

Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

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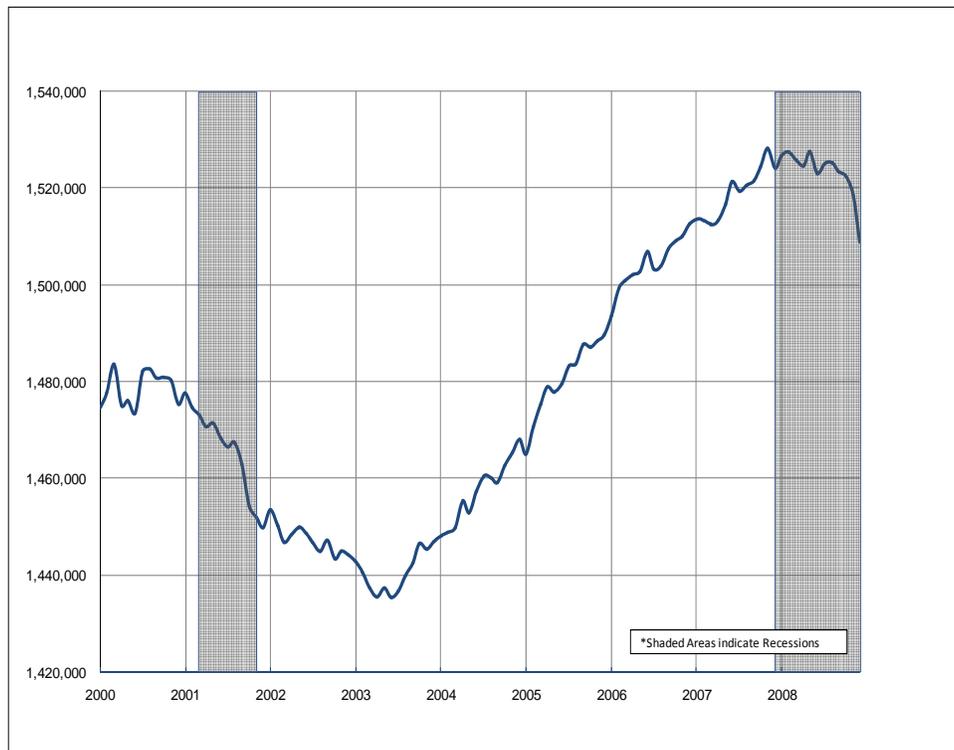
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Nonfarm Employment in Iowa – 2008

The Year at a Glance

For the fifth consecutive year, Iowa total nonfarm employment increased—this time by a meager 3,900. Taken alone; however, this statistic would belie the true nature of the 2008 Iowa economy. Iowa remained above the 2007 nonfarm employment levels throughout the first three quarters of the year. The state first started losing jobs from the same month one year ago with the release of the October 2008 data. While the U.S. shed employment monthly throughout the year, Iowa did not go “into the red” until the end of the third quarter. It was simply a matter of time before the National Bureau of Economic Research (NBER) announced that the United States was currently in a recession, citing December 2007 as the peak of the last economic expansion. Despite textbook definitions of recessions (*two consecutive quarters of decline in real GDP*), the NBER committee uses a number of factors to date business cycles. In determining the two most recent recessions, total nonfarm employment appears to have played a significant role (see *Figure 1*). The goods-producing sectors have been the hardest hit as of late, particularly in Iowa, where 1,500 jobs were shed in 2008. On the other hand, the service sectors gained a slight 5,400 jobs.

**Figure 1. Iowa Total Nonfarm Employment
2000 - 2008**



Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

The first few months of 2008 looked very much like a continuation of the previous year until June, when flooding disrupted normal business activity in several parts of the state. Soon after the June floods, the state began to experience a steady wave of recession-related layoffs that continued for the remainder of the year. During 2008, the private sectors gained a minor 500 jobs, while the public sectors added 3,000—the majority of which were related to education. Trade and transportation benefited from a growing wholesale trade industry (+900), but lost employment in retail trade (-600). Both construction and financial activities increased by 300 each despite weaknesses in these industries at the national level. Other services and professional and business services were up 100 each compared to last year. Manufacturing, on the other hand, declined by 1,800 compared to 2007. All of the losses have occurred in durable goods manufacturing, while nondurable goods production added 900 jobs year over year. Durable goods manufacturing has not added jobs over the month since January 2008. Leisure and hospitality contracted by 1,700. These losses were entirely in accommodations and food service, as people began to cut back on unnecessary dining expenses. The information sector contracted by 200. A major share of these layoffs resulted from the print media cutting jobs to remain competitive.

June Flooding

Iowa began to feel the effects of the spring flooding in June, and job losses escalated briefly. June employment contracted by 4,500; these losses were distributed almost equally in both the goods-producing and service sectors (with losses of 2,200 to 2,300, respectively). Following the flooding, total nonfarm employment actually *increased* in July, gaining 2,100. Many of the gains were attributable to the demand for construction workers to repair damaged buildings and infrastructure (+1,500) and added temporary help to assist with the clean-up (+900 in administrative support services). Upon reflection, the springtime flooding did not cause as many permanent job losses as was originally feared, but rather magnified the cyclical losses that were starting to occur in the statewide economy.

Iowa Feels Effects of National Recession

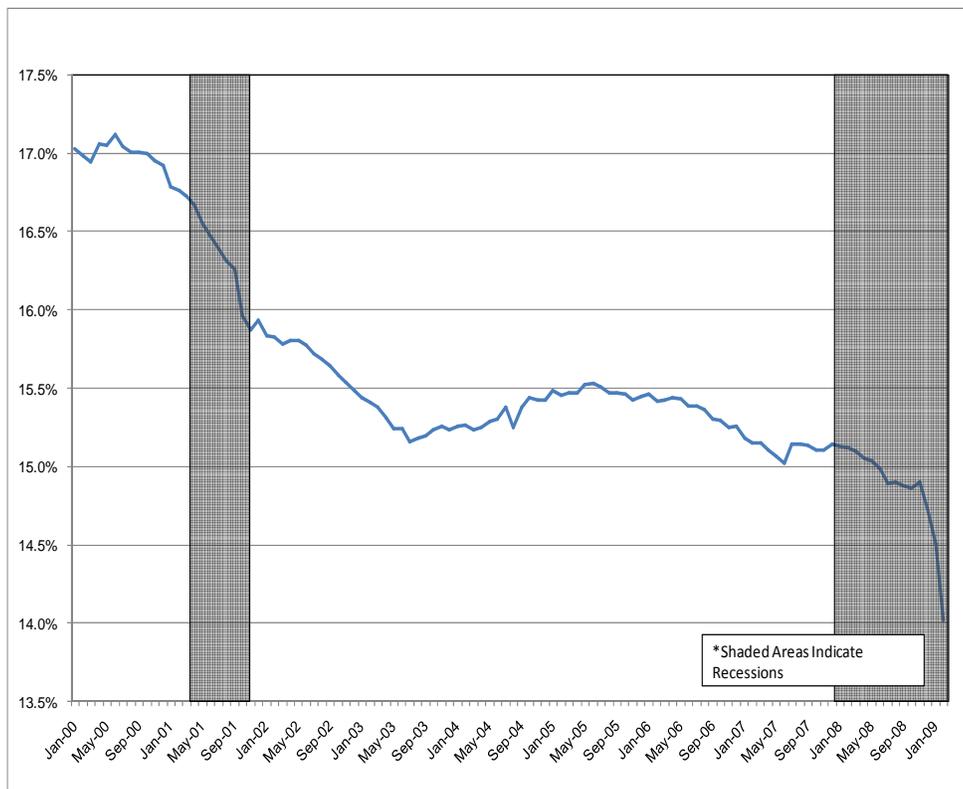
While the June employment drop of 4,500 was large, the cumulative losses that Iowa felt in the fourth quarter of 2008 were much more permanent and substantial. In September, total nonfarm employment contracted by 1,800, as the statewide economy began to experience a steady wave of recession-related layoffs. Data for the month of October marked Iowa's first venture into negative territory, when nonfarm employment reflected a loss of 2,000 from the same month of 2007. The last time Iowa posted an over-the-year loss was in September 2003. The monthly job loss for October was reported at 1,000. In November, nonfarm employment decreased by 4,200, as losses in the service sectors became more prominent during the month, outpacing losses in the goods-producing sectors. December proved to be an especially tumultuous month for both construction and manufacturing. Combined job losses for the sectors totaled 6,900, and fueled a contraction in total nonfarm employment of 9,600. Iowa ended the year with four consecutive months of job losses.

While Iowa's total nonfarm employment at a glance might appear especially bleak, there were five months of gains during the year. By contrast, the U.S. has not had a gain in total nonfarm employment since December 2007, the official start of the recession.

Manufacturing as an Indicator

As with the last recession, manufacturing can be a predictor of future events within an economy. During the 2001 recession, manufacturing started losing employment as early as August 2000. At that time manufacturing composed 17.0 percent of Iowa's total nonfarm employment. When the recession officially ended in November 2001, manufacturing composed 15.9 percent of Iowa's employment, a loss of 1.1 percentage points. By the time all of the recessionary forces in Iowa had subsided, in October 2003, manufacturing composed 15.2 percent of Iowa's employment. The loss of 1.8 percentage points in the sector's proportion of nonfarm employment may sound insignificant; however, this percentage had peaked at 15.5 percent during the expansionary period in 2005. This means that structural change had occurred as the result of the recession, and had increasingly forced Iowa to become a more service-oriented economy. Since that time, manufacturing has shown a steady downward trend. Manufacturing ended 2008 on a particularly dismal note, paring 3,900 jobs in December. By the end of the year, manufacturing composed only 14.0 percent of Iowa's total nonfarm employment, a full 3.0 percentage points less than the industry's peak proportion, which was achieved in 2000.

Figure 2. Manufacturing as a Percentage of Iowa Total Nonfarm Employment



Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

How Will Industries Weather the Storm

Professional and business services, like manufacturing, was one of the first sectors to be affected by recessionary influences. As firms struggled to stay in the black, companies were forced to streamline operations and reduce redundancy; as such, staff obtained from temporary help agencies were generally the first to be laid off. Through the first half of 2008, professional and business services remained relatively level. This sector gained employment intermittently through the first six months of the year. To aid with the flood clean-up in July, 900 jobs were added in this sector alone. The recession began to take a toll on the sector in August, starting a downward trend that lasted through the end of the year. The sector lost a total of 7,500 jobs during the last two months of 2008, which was almost one-half of one percent of Iowa's total nonfarm employment.

Nationally, construction was one of the first industries to be affected by the recession. In Iowa, the industry started the year with 900 less workers than in 2007. With the exception of June (due to flooding), the summer months were particularly strong months for this sector. However, the state's construction industry ended the year by losing 3,000 jobs, the majority of which were related to the housing downturn and subsequent recession.

Financial activities, another industry reeling from the current economic situation, fared much better than the nation in 2008. The sector actually started and ended the year at the same employment level, 103,200. However, layoffs occurred in the state's insurance industry late in the year that were not captured in the 2008 figures.

Leisure and hospitality is highly sensitive to a loss in discretionary income, and has been struggling for the past year. During 2008, Iowa's consumers curtailed their spending on dining out and other recreational activities. Due to this trend, the industry lost 1,700 jobs last year.

Retail trade would be expected to suffer substantially through the current economic climate, but this has not been the case. Although the summer months were lean for trade, the sector finished 2008 with a small loss of 500 compared to last year, and even showed signs of improvement during the start of 2009.

At the other end of the spectrum, the education and health sectors have grown despite the current economic conditions. The two sectors combined added 3,500 jobs in 2008. Health services expanded by 2,700 jobs last year, and educational services added 800 jobs compared to the prior year.

Government added 3,000 jobs in 2008 which were equally divided between state and local government. The majority of these gains in the public sector were related to education.

Figure 3. Iowa Annual Average Nonfarm Employment

Industry	2003	2004	2005	2006	2007	2008	Change	
							2007-2008	
							Number	Percent
Mining	1.9	2.1	2.1	2.2	2.1	2.1	0.0	0.0
Construction	65.1	68.6	71.4	74.4	72.7	73.0	0.3	0.4
Manufacturing	220.0	223.3	229.1	231.1	229.6	227.8	-1.8	-0.8
Durable Goods	131.4	136.1	140.9	142.9	141.4	138.7	-2.7	-1.9
Nondurable Goods	88.5	87.1	88.2	88.2	88.2	89.1	0.9	1.0
Trade and Transportation	303.2	304.7	306.4	308.7	308.9	309.2	0.3	0.1
Wholesale Trade	65.3	66.1	67.4	67.6	67.9	68.8	0.9	1.3
Retail Trade	180.4	180.4	180.0	179.9	178.8	178.2	-0.6	-0.3
Transportation	57.4	58.2	59.0	61.3	62.2	62.2	0.0	0.0
Information	33.6	33.7	33.0	33.0	33.5	33.3	-0.2	-0.6
Financial Activities	95.2	96.9	98.3	100.6	102.6	102.9	0.3	0.3
Finance and Insurance	80.4	82.3	83.6	86.1	88.8	89.4	0.6	0.7
Professional and Business Svcs	105.6	108.5	113.3	117.2	121.4	121.5	0.1	0.1
Prof, Scientific and Tech Svcs	37.3	37.8	38.4	40.2	41.6	42.3	0.7	1.7
Administrative and Support Svcs	59.4	60.6	63.1	64.2	65.7	65.4	-0.3	-0.5
Education and Health Services	189.6	191.5	195.1	199.1	203.2	206.7	3.5	1.7
Educational Services	32.5	32.7	33.1	34.1	35.4	36.2	0.8	2.3
Health Services	157.1	158.8	162.0	165.0	167.8	170.5	2.7	1.6
Leisure and Hospitality	125.3	127.2	130.5	134.2	137.0	135.3	-1.7	-1.2
Accomm and Food Services	104.9	107.5	110.9	113.5	116.2	114.5	-1.7	-1.5
Other Services	56.2	56.4	56.3	56.8	57.6	57.7	0.1	0.2
Government	244.8	244.6	245.2	247.1	249.7	252.7	3.0	1.2
Federal Government	19.0	18.2	18.1	18.1	18.2	18.2	0.0	0.0
State Government	64.1	64.0	63.8	64.1	65.3	66.8	1.5	2.3
Local Government	161.8	162.3	163.4	164.8	166.2	167.7	1.5	0.9
Total Nonfarm	1,440.5	1,457.3	1,480.5	1,504.3	1,518.3	1,522.2	3.9	0.3

Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

References:

Labor Market and Workforce Information Division, Iowa Workforce Development, *Current Employment Statistics (CES)*. <<http://www.iowaworkforce.org/lmi/empstat/>>

Business Cycle Dating Committee, National Bureau of Economic Research, *Determination of the December 2007 Peak in Economic Activity*. Version of December 11, 2008. Accessed 3/20/09 from <<http://www.nber.org/cycles/dec2008.html>>

Economic Activity for Large Employers Slows Further

The Economic Outlook Survey is conducted quarterly by the Iowa Business Council (IBC) to inform Iowa businesses and Iowans about projected trends in the state's economy, which may prove useful for business and economic planning purposes.

The Iowa Business Council is a nonprofit, nonpartisan, self-funded organization whose 23 members are the top executives of 19 of the largest businesses in the state, the three Regent university presidents, and Iowa's largest banking association. Founded in 1985, the Council's purpose is to focus the personal commitment of its members in active leadership roles on major initiatives that offer opportunity to enhance Iowa's economic vitality and improve the lives of Iowans. Council members identify major economic issues, evaluate options, and assist in implementing solutions through collaborative public/private partnerships. **Collectively**, IBC companies and institutions employ more than 203,000 Iowans and, in just 10 years, have invested over \$13 billion worth of capital in the state. **Annually**, the Business Council represents more than \$250 million in financial contributions and volunteer hours given to numerous charitable causes around Iowa. Council member companies and institutions are leaders in technology innovation with over \$2.5 billion in spending and procured grants for research and development.

Iowa Business Council Releases First Quarter Results

The IBC Economic Outlook Survey was completed by the 19 corporate members of the Iowa Business Council during the third week of February, the results of which were released on March 2, 2009:

All three indicators used to measure economic activity among large employers in the state for the coming six months moved lower for the second quarter in a row, dropping the **2009Q1 Iowa Business Council (IBC) Overall Economic Outlook Survey Index (OSI) to 35.3**. This is eight points lower than the 2008Q4 Overall OSI of 43.3 reported in December, and 31 points lower than the Overall OSI of 66.3 from one year ago.

The **2009 Sales OSI is 38**, thirteen points lower than last quarter, and thirty-five points lower than in the 2008Q1 survey. More than half of the survey respondents (58%) expect sales levels to decrease over the next six months—lower (37%), or substantially lower (21%). However, 42 percent of the CEOs predict steady or increased business activity—no change (16%), higher (21%), or substantially higher (5%).

The **2009Q1 Capital Spending OSI is 31**, a decrease of ten points from last quarter and thirty-two points lower than one year ago. Thirty-one percent of IBC corporate members expect capital spending levels to be substantially higher (5%), higher (5%), or remain the same (21%) through August 2009. The majority of the survey respondents (68%) expect capital spending—investments in facilities and equipment—to be lower (42%), or substantially lower (26%).

The **2009Q1 Employment OSI is 37**, one point lower than three months ago, and twenty-six points lower than last year. While more than half (58%) of IBC corporate members expect hiring needs to be lower (47%), or substantially lower (11%) for the next six months, 42 percent of respondents expect no change (26%), or higher (16%) employment levels.

"Our survey results from the last two quarters reflect the country's current economic health, with negative trends now reaching deeper into Iowa's business environment," said Mel Haught, chair of the Iowa Business Council and president and CEO of Pella Corporation. "As the 2009 General Assembly proceeds with its work at the State House, the best strategy to revive and enhance Iowa's economy will be to align the vision of the public and private sectors. It is essential that we engage in mutually beneficial discussion about the fundamental issues that have served as the foundation of Iowa's attractive business climate for many years. In this period of severe economic downturn, now is not the time to remove incentives or deter initiatives that spur innovative business growth and generate wealth-creating career opportunities for the majority of our workforce. A skilled and diverse workforce follows opportunity wherever it exists. We need to continue to work to assure that Iowa is always the destination of choice."

The quarterly Iowa Business Council Economic Outlook Survey incorporates a diffusion index, wherein each survey response falls on a 100-point scale. Using weighted averages, an index number is then calculated that measures the sentiment of IBC executives projecting business activity six months into the future. An Outlook Survey Index (OSI) of 50 indicates that the business sentiment of all survey participants is average; an OSI above 50, the sentiment is positive; below 50, the sentiment is negative. This index will generate a numeric measure going forward that attempts to more precisely estimate the economic condition of business activity in Iowa.

Figure 1. IBC Economic Outlook 2009Q1 Survey Responses

Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	09Q1	08Q4	09Q1	08Q4	09Q1	08Q4	09Q1	08Q4	09Q1	08Q4
Change in sales in the next six months?	5%	5%	21%	37%	16%	21%	37%	26%	21%	11%
Change in capital spending in the next six months?	5%	11%	5%	11%	21%	26%	42%	37%	26%	16%
Change in employment in the next six months?	0%	0%	16%	11%	26%	42%	47%	37%	11%	11%

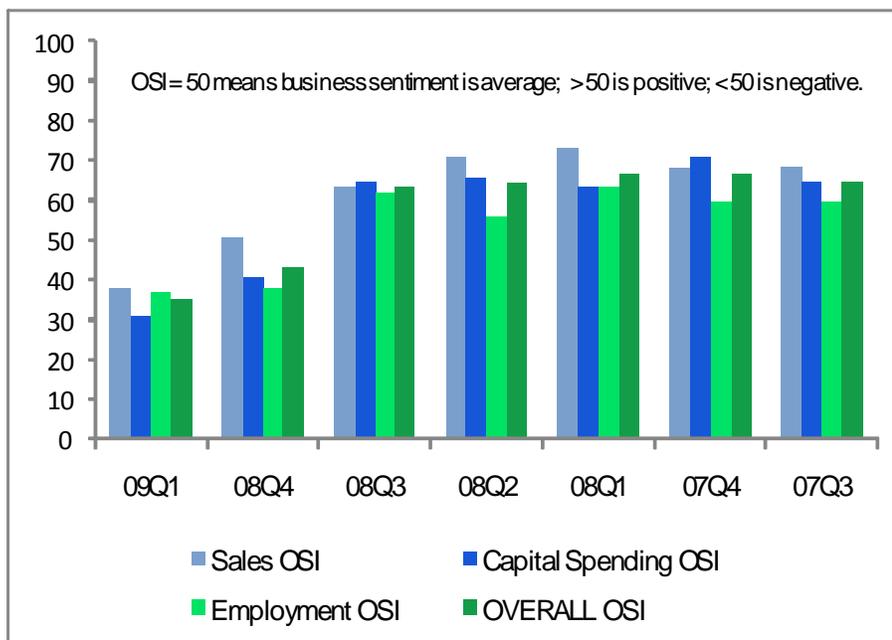
Note: Rounding may cause the addition of percentages in a measure to equal more or less than 100 percent.

Figure 2. IBC Economic Outlook Survey Index (OSI) – last seven quarters

	09Q1	08Q4	08Q3	08Q2	08Q1	07Q4	07Q3
OVERALL OSI	35.3	43.3	63.3	64.3	66.3	66.3	64.7
Sales OSI	38	51	63	71	73	68	69
Capital Spending OSI	31	41	65	66	63	71	65
Employment OSI	37	38	62	56	63	60	60

Note: OSI = 50 means business sentiment is average; > 50 is positive; < 50 is negative.

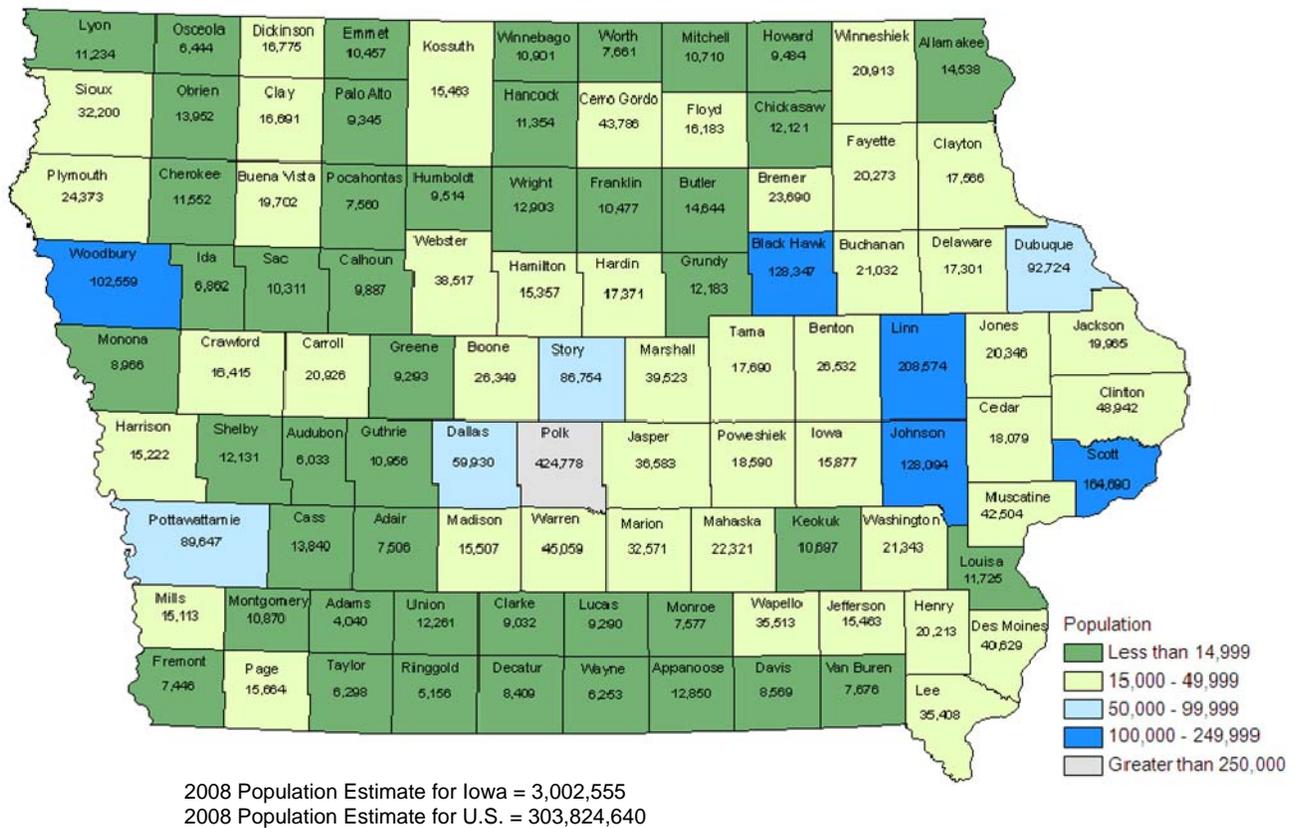
Figure 3. Iowa Business Council Economic Outlook Survey Index (OSI) Third Quarter 2007 – First Quarter 2009



For more information, please visit the IBC website at www.iowabusinesscouncil.org

2008 Population Estimates for Iowa's Counties and Statewide Population by Decade

Figure 1. 2008 Population Estimates by County



Source: U.S. Census Bureau, Population Division, March 19, 2009.

In 2008, Iowa's population reached three million for the first time in the state's history, according to estimates from the U.S. Census Bureau. The population estimate of 3,002,555 is a 2.6 percent increase from the 2000 census. Although Iowa's population has grown every year for the past 21 years, its rate of growth is among the slowest in the nation. The state ranked 42nd in growth among all states between 2000 and 2008.

Population growth in Iowa has clustered around metropolitan areas during this decade. Twenty-four counties gained population between 2000 and 2008, and all except three are in, or adjacent to, metropolitan areas. As a result, nearly half of the state's residents live in just ten counties. Between 2000 and 2007, the number of Iowans living in cities of less than 10,000 declined by 2.0 percent, while the number living in cities larger than 10,000 grew by 8.9 percent. Although the U.S. Census Bureau projects Iowa's total population to increase by 0.4 percent from 2000 to 2020, the working age population (ages 18-64) is expected to decline by 4.5 percent. This is a drop from 60.0 percent to 58.5 percent of Iowa's population total. Projections by Woods & Poole Economics, Inc. indicate that 59 counties will see declines in their working-age populations between 2000 and 2020.

Note: Analysis and population estimates by county prepared by State Library of Iowa, State Data Center Program.

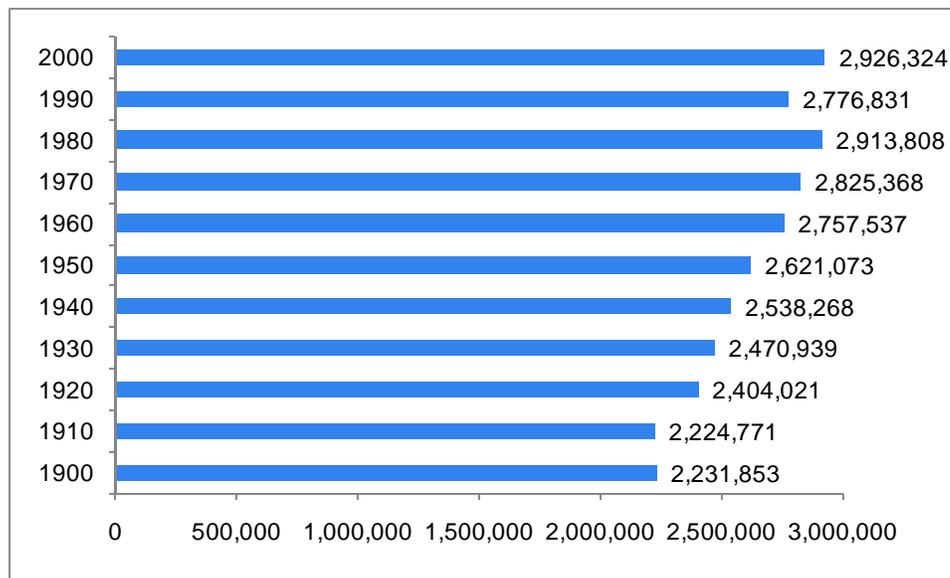
Figure 2. 2008 Population Estimates for Iowa's Counties: 2000-2008

Area Name	July 1, 2008 Estimate	April 1, 2000		4/1/2000 (Estimates Base) to 7/1/2008	
		Estimates Base	Census	Numeric change	Percent change
State of Iowa	3,002,555	2,926,381	2,926,324	76,174	2.6%
Adair	7,506	8,243	8,243	-737	-8.9%
Adams	4,040	4,482	4,482	-442	-9.9%
Allamakee	14,538	14,675	14,675	-137	-0.9%
Appanoose	12,850	13,723	13,721	-873	-6.4%
Audubon	6,033	6,830	6,830	-797	-11.7%
Benton	26,532	25,307	25,308	1,225	4.8%
Black Hawk	128,347	128,013	128,012	334	0.3%
Boone	26,349	26,224	26,224	125	0.5%
Bremer	23,690	23,325	23,325	365	1.6%
Buchanan	21,032	21,093	21,093	-61	-0.3%
Buena Vista	19,702	20,411	20,411	-709	-3.5%
Butler	14,644	15,305	15,305	-661	-4.3%
Calhoun	9,887	11,115	11,115	-1,228	-11.0%
Carroll	20,926	21,421	21,421	-495	-2.3%
Cass	13,840	14,684	14,684	-844	-5.7%
Cedar	18,079	18,187	18,187	-108	-0.6%
Cerro Gordo	43,786	46,447	46,447	-2,661	-5.7%
Cherokee	11,552	13,035	13,035	-1,483	-11.4%
Chickasaw	12,121	13,095	13,095	-974	-7.4%
Clarke	9,032	9,133	9,133	-101	-1.1%
Clay	16,691	17,372	17,372	-681	-3.9%
Clayton	17,566	18,678	18,678	-1,112	-6.0%
Clinton	48,942	50,149	50,149	-1,207	-2.4%
Crawford	16,415	16,942	16,942	-527	-3.1%
Dallas	59,930	40,776	40,750	19,154	47.0%
Davis	8,569	8,541	8,541	28	0.3%
Decatur	8,409	8,689	8,689	-280	-3.2%
Delaware	17,301	18,404	18,404	-1,103	-6.0%
Des Moines	40,629	42,351	42,351	-1,722	-4.1%
Dickinson	16,775	16,424	16,424	351	2.1%
Dubuque	92,724	89,156	89,143	3,568	4.0%
Emmet	10,457	11,028	11,027	-571	-5.2%
Fayette	20,273	22,008	22,008	-1,735	-7.9%
Floyd	16,183	16,900	16,900	-717	-4.2%
Franklin	10,477	10,704	10,704	-227	-2.1%
Fremont	7,446	8,010	8,010	-564	-7.0%
Greene	9,293	10,366	10,366	-1,073	-10.4%
Grundy	12,183	12,369	12,369	-186	-1.5%
Guthrie	10,956	11,353	11,353	-397	-3.5%
Hamilton	15,357	16,434	16,438	-1,077	-6.6%
Hancock	11,354	12,100	12,100	-746	-6.2%
Hardin	17,371	18,812	18,812	-1,441	-7.7%
Harrison	15,222	15,666	15,666	-444	-2.8%
Henry	20,213	20,336	20,336	-123	-0.6%
Howard	9,484	9,932	9,932	-448	-4.5%
Humboldt	9,514	10,381	10,381	-867	-8.4%
Ida	6,862	7,837	7,837	-975	-12.4%
Iowa	15,877	15,671	15,671	206	1.3%
Jackson	19,965	20,296	20,296	-331	-1.6%

Figure 2. 2008 Population Estimates for Iowa's Counties: 2000-2008

Area Name	July 1, 2008 Estimate	April 1, 2000		4/1/2000 (Estimates Base) to 7/1/2008	
		Estimates Base	Census	Numeric change	Percent change
Jasper	36,583	37,213	37,213	-630	-1.7%
Jefferson	15,463	16,181	16,181	-718	-4.4%
Johnson	128,094	111,006	111,006	17,088	15.4%
Jones	20,346	20,221	20,221	125	0.6%
Keokuk	10,697	11,400	11,400	-703	-6.2%
Kossuth	15,463	17,163	17,163	-1,700	-9.9%
Lee	35,408	38,052	38,052	-2,644	-6.9%
Linn	208,574	191,702	191,701	16,872	8.8%
Louisa	11,725	12,183	12,183	-458	-3.8%
Lucas	9,290	9,422	9,422	-132	-1.4%
Lyon	11,234	11,763	11,763	-529	-4.5%
Madison	15,507	14,019	14,019	1,488	10.6%
Mahaska	22,321	22,335	22,335	-14	-0.1%
Marion	32,571	32,054	32,052	517	1.6%
Marshall	39,523	39,311	39,311	212	0.5%
Mills	15,113	14,547	14,547	566	3.9%
Mitchell	10,710	10,874	10,874	-164	-1.5%
Monona	8,966	10,020	10,020	-1,054	-10.5%
Monroe	7,577	8,016	8,016	-439	-5.5%
Montgomery	10,870	11,771	11,771	-901	-7.7%
Muscatine	42,504	41,722	41,722	782	1.9%
O'Brien	13,952	15,102	15,102	-1,150	-7.6%
Osceola	6,444	7,003	7,003	-559	-8.0%
Page	15,664	16,976	16,976	-1,312	-7.7%
Palo Alto	9,345	10,147	10,147	-802	-7.9%
Plymouth	24,323	24,849	24,849	-526	-2.1%
Pocahontas	7,560	8,662	8,662	-1,102	-12.7%
Polk	424,778	374,575	374,601	50,203	13.4%
Pottawattamie	89,647	87,807	87,704	1,840	2.1%
Poweshiek	18,590	18,832	18,815	-242	-1.3%
Ringgold	5,156	5,469	5,469	-313	-5.7%
Sac	10,311	11,529	11,529	-1,218	-10.6%
Scott	164,690	158,689	158,668	6,001	3.8%
Shelby	12,131	13,074	13,173	-943	-7.2%
Sioux	32,200	31,589	31,589	611	1.9%
Story	86,754	79,981	79,981	6,773	8.5%
Tama	17,690	18,103	18,103	-413	-2.3%
Taylor	6,298	6,958	6,958	-660	-9.5%
Union	12,261	12,309	12,309	-48	-0.4%
Van Buren	7,676	7,809	7,809	-133	-1.7%
Wapello	35,513	36,051	36,051	-538	-1.5%
Warren	45,059	40,671	40,671	4,388	10.8%
Washington	21,343	20,670	20,670	673	3.3%
Wayne	6,253	6,730	6,730	-477	-7.1%
Webster	38,517	40,235	40,235	-1,718	-4.3%
Winnebago	10,901	11,723	11,723	-822	-7.0%
Winneshiek	20,913	21,310	21,310	-397	-1.9%
Woodbury	102,559	103,877	103,877	-1,318	-1.3%
Worth	7,661	7,909	7,909	-248	-3.1%
Wright	12,903	14,334	14,334	-1,431	-10.0%

Figure 3. Iowa Population Growth by Decade, 1900-2000



Source: U.S. Census Bureau, Decennial Censuses.

During the period from 1900 to 2000, Iowa's population grew by a slight 31.1 percent, while the U.S. population more than doubled in size. Florida's population rose more than that of any other state, from 33rd to fourth place, while Iowa's population ranking dropped from 10th place in the nation to 30th from 1900 to 2000. Although Iowa's population generally grew over the period, it increased at a rate substantially slower than that of the nation and other states. Iowa experienced its best decade for population growth from 1910 to 1920, when 179,250 persons were added to the state's population (+8.1%).

The 1990 census reflected a drop in the state's population (-136,977) for the first time since the 1910 census (-7,082). The large decrease in population from 1980 to 1990 was caused by the economic distress that had occurred in the state during the early to mid-1980's. The first half of the 1980's was marked by a deep recession that coincided with a severe farm crisis. Thousands of Iowans left the state during the decade in search of job opportunities in other states. By the mid-1990's, Iowa's economic fortunes had improved, and several Iowa communities began initiatives to encourage former Iowans to return to their "homeland" to work for Iowa businesses.

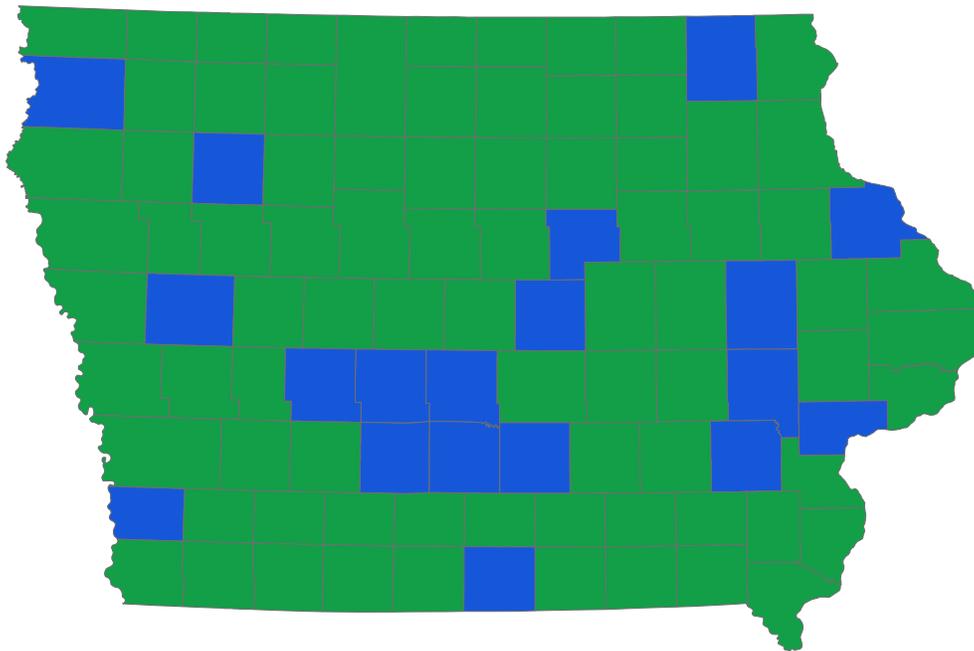
Since the 1970's, Iowa has become more racially diverse. In 1975, 13,000 Southeast Asian refugees were resettled in the state, mainly due to the efforts of then-Governor Robert D. Ray. By the 1990's, their numbers had increased to 25,037. Beginning in the 1960's, a small but increasing number of Hispanics arrived in Iowa. In the 1990's, the number of Hispanics rose sharply, an increase of almost 40 percent in ten years. The newly arrived Hispanics came from Mexico as well as from California and Texas. Iowa also became home to small numbers of Bosnian and Sudanese refugees who settled in Iowa's larger communities during the 1990s.

Recent Trends in Public School Enrollment in Iowa

Enrollment trends in Iowa's public schools have important implications for the state's workforce development efforts. First and foremost, recent trends signal strong and persistent shifts in the location of demand for public education services among Iowa's communities and counties. These changes have and will continue to influence decisions about how the state can most efficiently and effectively deliver educational services to Iowa's future workforce members.

Figure 1 below localizes net enrollment changes at the county level. The net change in certified enrollment for each county is represented by one dot for every ten students. Counties shaded in green indicate net decline, while counties shaded in blue indicate net gains. In addition, all enrollment changes are allocated to the county in which the school district office is located, regardless of whether school district boundaries cross county lines.

**Figure 1. Changes in Certified Enrollment in Iowa's Public Schools
Academic Years 1998-1999 and 2008-2009**



Source: Iowa Department of Education.

From the map (Figure 1), it is clear that enrollment gains in Iowa have accrued to a very small number of counties. Among the winners are the counties of Polk, Dallas, Warren, Madison, and Guthrie (which constitute the Des Moines MSA), along with Linn, Johnson, and Dubuque counties. Other gainers include a set of counties whose enrollments were bolstered by strong growth among minority population groups, in particular younger adult workers. These counties included Marshall, Muscatine, Sioux, Crawford, and Buena Vista among others.

Enrollment trends have another useful purpose related to workforce development. Where there are children, there are families. The parents of school-aged children typically fall between the ages of 25 to 39, an age group prized by employers and communities alike. Indeed, attracting and retaining workers in the 25-to-39-year age group is one of the most pressing goals for the state of Iowa, and also one of its biggest challenges.

Employers want these young adults because workers at the beginning of their careers cost relatively less to hire than older workers. In addition, young workers have a high potential for increasing their levels of productivity throughout their careers. Firms who hire them can capitalize on those productivity gains as the firm matures.

Communities value young adults because of their potential to contribute to both current and future population growth. When communities can attract and retain young adults, they also capture their current and future children. Conversely, communities that lose young adults also lose the children that these adults already have or would have had. Such losses continue to ripple through successive generations.

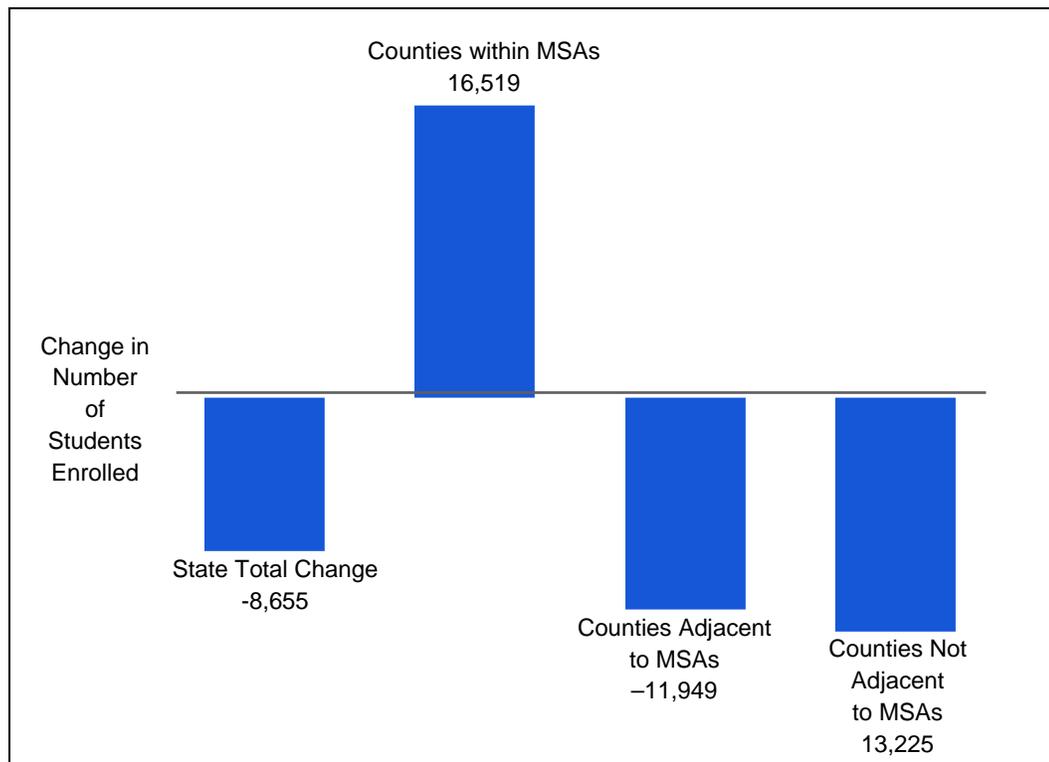
Changes in enrollment trends can tell us a great deal about Iowa and its counties, and how they are faring in the competition for young workers and their families. On net, the state's population of school-aged children, as measured by enrollment, has declined by 1.7 percent during the last decade. Total public school enrollment declined by about 8,000 students between the 1998-1999 and the 2008-2009 academic years.

Changes in school district enrollment levels across the state suggest which areas have been more or less successful than average in attracting and retaining young families. While some areas of the state have been successful in adding jobs that are attractive to young families, as evidenced by enrollment gains, many other areas have added jobs, but have not seen corresponding enrollment gains.

In general, Iowa's metropolitan areas have been much more successful in attracting families with children. School districts located within metropolitan counties were much more likely to experience enrollment gains during the last decade than those located outside of metro areas. As a group, Iowa's 20 metropolitan counties saw a net enrollment gain of 16,519 students. This change represented an increase of 6.4 percent from 1998-1999 enrollment levels. The 79 non-metropolitan counties suffered a net enrollment decline of more than 25,000 students, or a loss of 10.5 percent from their 1998-1999 enrollment levels.

Among the non-metropolitan counties, those that are adjacent to metropolitan areas fared slightly better than those that are not. Enrollment in adjacent counties, which number 38, declined by nearly 12,000 students, a rate of 9.5 percent. Enrollment in the state's 41 non-adjacent counties declined by more than 13,000 students, a rate of 11.7 percent.

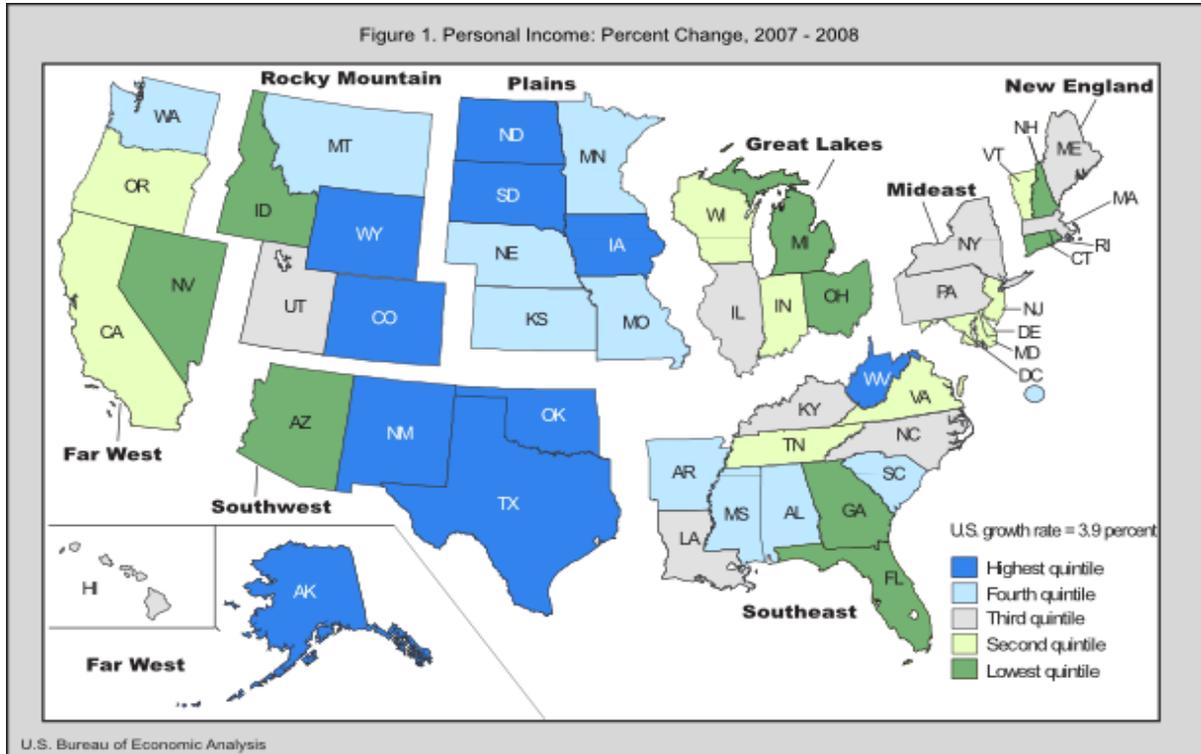
Figure 2. Ten-Year Public School District Enrollment Changes in Iowa's Counties by Metropolitan Statistical Area (MSA) Status, 1988-1999 to 2008-2009 Academic Years



Source: Department of Economics, Iowa State University.

State Personal Income

Personal income is one of the more closely monitored measures of an area's economic vitality. It represents the income that individuals receive from all sources, and it is made up of three distinct components: employment earnings, investment income (dividends, interest, and rent), and transfer payments (government payments made to individuals). The largest component of personal income is wages and salaries.



In 2008, Iowa had a total personal income of \$110.1 billion, which reflected an increase of 5.7 percent from 2007. Compared to most states, Iowa's income growth was still strong (ranking 6th in the nation), but had slowed from the previous year's increase of 7.2 percent. Meanwhile, U.S. personal income growth slowed to 3.9 percent in 2008 from 6.0 percent in 2007. Personal income growth slowed in all states last year with the exception of Alaska, which benefited from an increase in oil and gas income tied to last year's run-up in fuel prices.

Earnings accounted for slightly over 68 percent of Iowa's personal income in 2008, while investment income and transfer payments accounted for fairly equal portions of the balance. The key trend in terms of personal income composition has been the steady growth in transfer payments over the past few decades. The majority of these payments are made by the government to individuals for Social Security, Medicare, Medicaid, unemployment insurance or income maintenance. Iowa's share of transfer payments has grown from 11.3 percent of total personal income in 1975 to 15.9 percent in 2008. The shift in personal income composition can be explained by the combined effects of an aging population, increased life expectancy, and an expansion in public benefits.

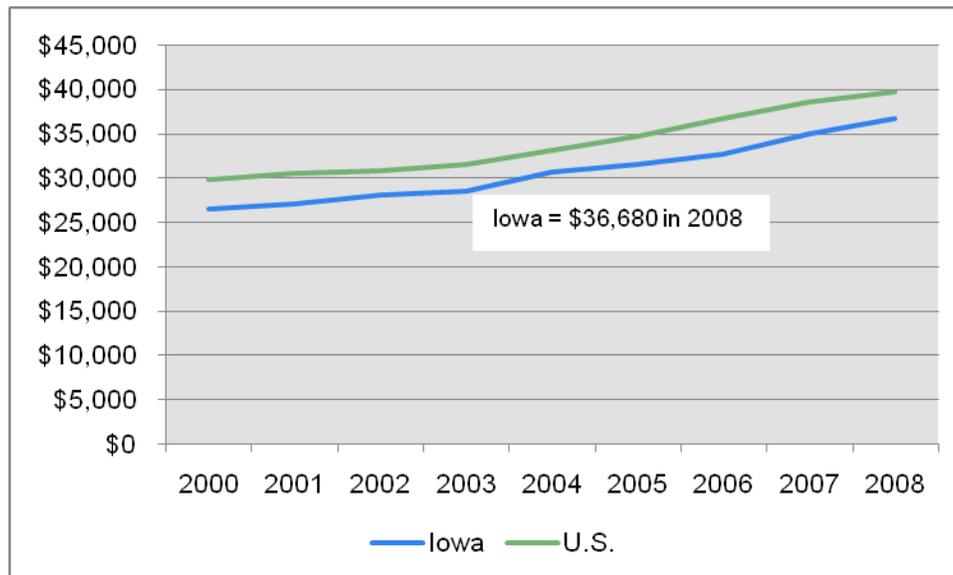
Iowa's personal income ranked 29th in the nation in 2008. California's personal income far surpassed any other state at \$1.6 trillion, while Vermont had the smallest total of any state at \$24.2 billion.

Per capita personal income is derived by dividing an area's personal income by its population. The population includes everyone, whether or not they receive income. Per capita income is often used as an important indicator of the quality of consumer markets and of the economic well-being of the residents of an area.

In 2008, Iowa had a per capita personal income of \$36,680, which was 92.3 percent of the national average of \$39,751. State rankings of the measure showed that the state of Connecticut had the highest per capita income of all the states at \$56,248; surpassed only by the District of Columbia at \$64,991. Mississippi was at the bottom of the ranking with a per capita income of only \$29,569. Meanwhile, North Dakota's per capita income grew the fastest in the nation at 9 percent last year. The rapid growth was attributed to the state's energy and agricultural sectors.

Some of the most important factors affecting states' per capita personal income are education and innovation. States that foster research and development can gain an economic advantage that will endure for generations. The same can be said for education. States that sustain a high proportion of high school and college graduates typically benefit by gaining higher long-term incomes. According to research conducted at the Federal Reserve Bank of Cleveland, education and innovation contributed more to income growth at the state level than other potential factors. Educational attainment increased a state's average per capita personal income relative to other states by 8 percent, but innovation—measured by patents per capita—increased personal income nearly 20 percent.

**Figure 2. Iowa and U.S. Per Capita and Personal Income
2000-2008**



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

Reference:

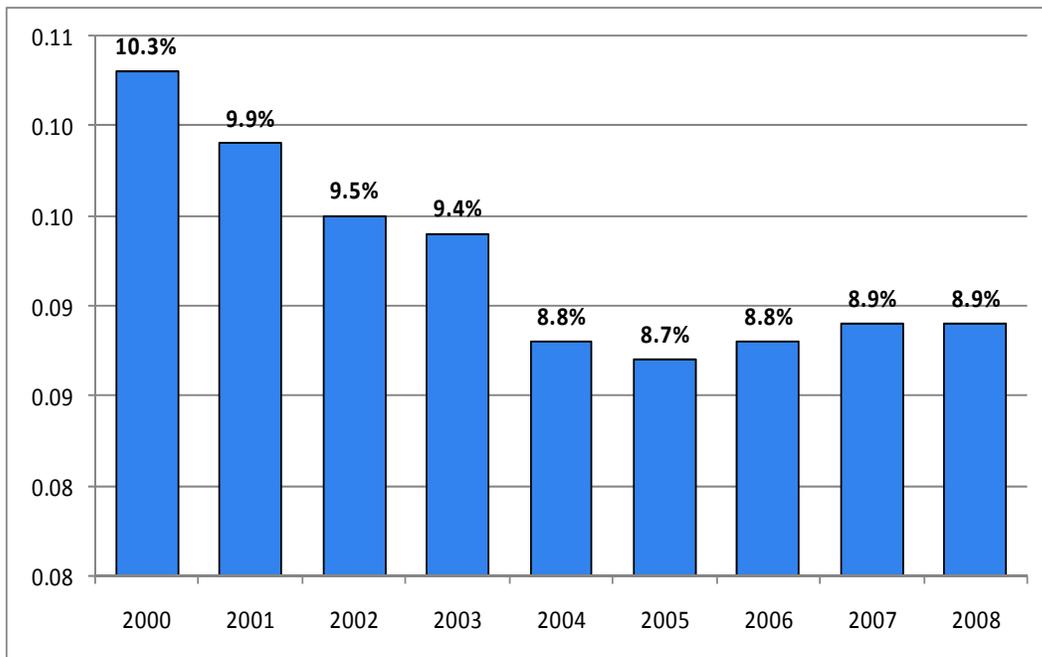
Bauer, Paul W., and Mark E. Schweitzer. *Paths to Prosperity: Knowledge is Key for Fourth District States*. Federal Reserve Bank of Cleveland, August 15, 2006. Accessed 5/4/09 from <<http://www.clevelandfed.org/Research/Commentary/2006/0815.pdf>>

Turnover – Businesses’ Revolving Door

Overview

There are a number of factors that contribute to employee turnover. One of the most common reasons given for leaving a job is the availability of higher-paying jobs. Some minimum wage workers report leaving one job for another that pays only 50 cents per hour more. Therefore, industries that tend to employ minimum wage, low skilled workers, like retail trade and accommodations and food services, report a much higher turnover rate than more stable, higher-skilled employment industries, such as finance and insurance. Employees can also sense impending doom in a company that is perceived to be in economic difficulty, and tend to “abandon ship.” The culture of the organization--reward system, leadership, shared goals, and commitment--can impact whether employees want to stay, even during bad times. Unrealistic expectations by employer and/or employee and unattractive job characteristics, such as repetition, challenge, or worksite, can spur workers to look elsewhere for jobs. Also, personal reasons for leaving a position, such as change in a family situation, desire to learn a new skill, promotion, or unsolicited job offer, come into play as possible reasons for turnover. As the economy grows, the availability of alternative jobs plays a role in turnover. As an economic downturn progresses, jobs are harder to find, and employees tend to remain with their current employers. This trend is reflected in Figure 1:

**Figure 1. Turnover Statistics
(Years Ending March 31)**



Source: U.S. Census Bureau, *Local Employment Dynamics (LED)*.

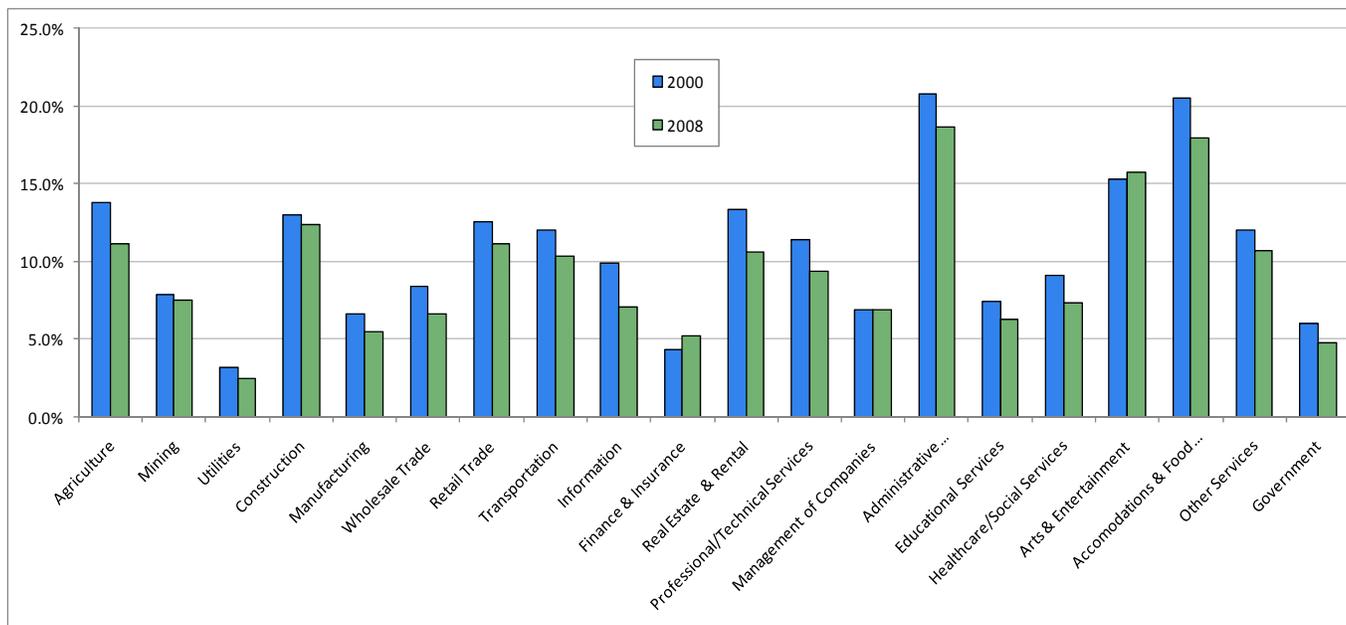
The year 2000 represented the end of almost a decade of unbridled growth, and is reflected above with a high percentage of turnover (10.3%). As Iowa’s economy started to deteriorate, turnover rates continued to drop, as employees remained in their positions.

Types of Turnover

Turnover can be classified by ‘internal’ or ‘external,’ skilled or unskilled employees and voluntary versus involuntary. An internal job change is when a person leaves their current position in a company, and takes another within the same organization. Unskilled employees often have high turnover, as referenced in Figure 2. These employees can generally be replaced easily without the business losing much production, or incurring much cost. The ease of replacing these employees, such as in retail trade or restaurants, provides little incentive to employers to offer higher pay or benefits other than what is required by law. Many employees in the service industries work part-time, so it is easier for them to move from one company to another to find better pay or working conditions. Involuntary turnover occurs when the employee has no choice in their termination (such as moving overseas, long-term illness, death, employer-initiated termination) and cannot usually be predicted.

As noted in Figure 2, the administrative support and accommodations and food services sectors reported the highest turnover rates, both in 2000 and 2008. Generally speaking, this is due to the fact that these industries employ a larger number of younger and part-time workers. Every industry displayed in Figure 2 showed a decrease in turnover rate from 2000 to 2008, except the finance and insurance industries. This could be due, in part, to the increased number of college graduates (Gen X) that were employed right out of college in this sector who tend to move around to find the right fit in their work/life balance. Generational diversity in the workforce does present challenges for employers.

Figure 2. Turnover Rate by Industry, 2000-2008



Source: U.S. Census Bureau, *Local Employment Dynamics (LED)*.

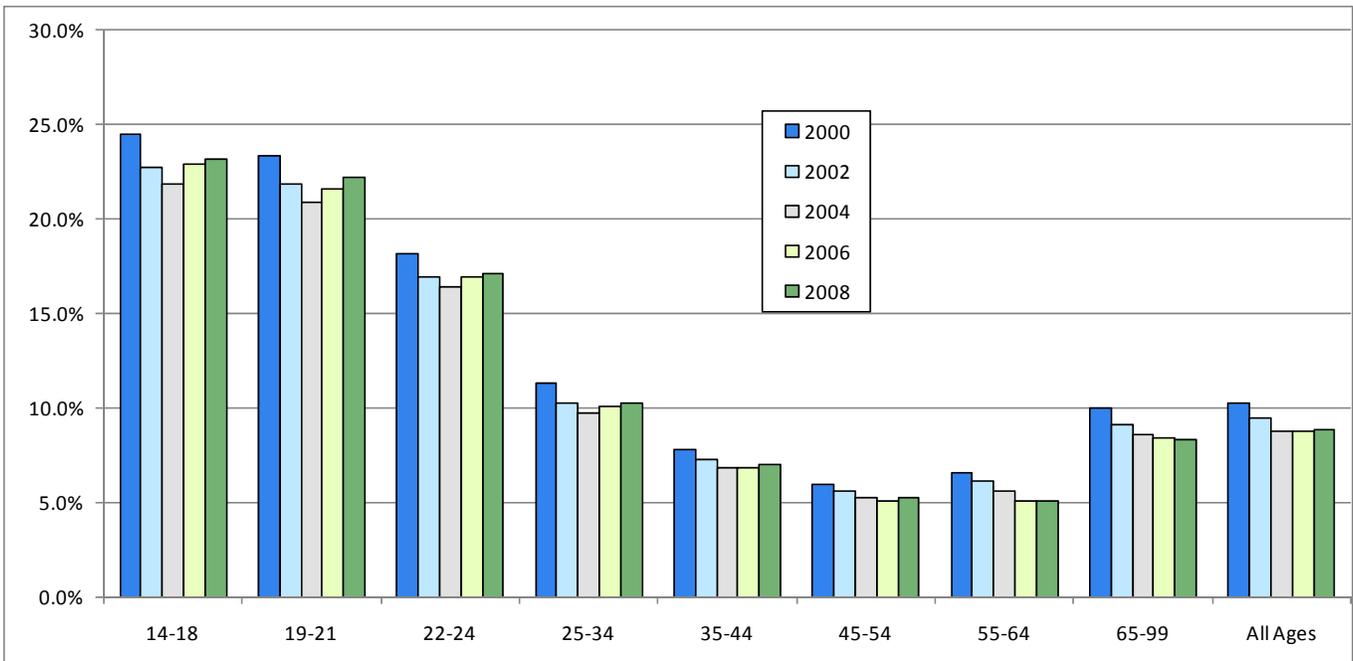
Dealing with the 'traditional' employees, baby boomers, Gen X or Gen Y all at the same time requires creative management techniques to provide each sector of the workforce with a positive work climate. Employers need to provide opportunities to bridge the gaps between the generations to ensure a flexible, respectful work environment.

Turnover by Age and Gender

Worker age, not gender, plays an important part in employee turnover. Figure 3 demonstrates the dramatic differences in turnover based on age. In all age groups, the 2000 rate is the highest, which reflects the total statewide data, as shown in Figure 1. However, the turnover rate for workers age 14-18 averaged 23.02 percent for the time period 2000-2008, while the rate for workers age 55-64 was 5.7 percent. Assuming, for the most part, that the younger workers are also the most unskilled and tend to work part time in industries that experience high job movement, this figure is self-explanatory. Turnover declines as workers age, and become more settled in their jobs and lives. There is a bit of an upturn in the 65-99 age group due to retirements and taking on more part time jobs; however, it is no higher than the 25-34 age group.

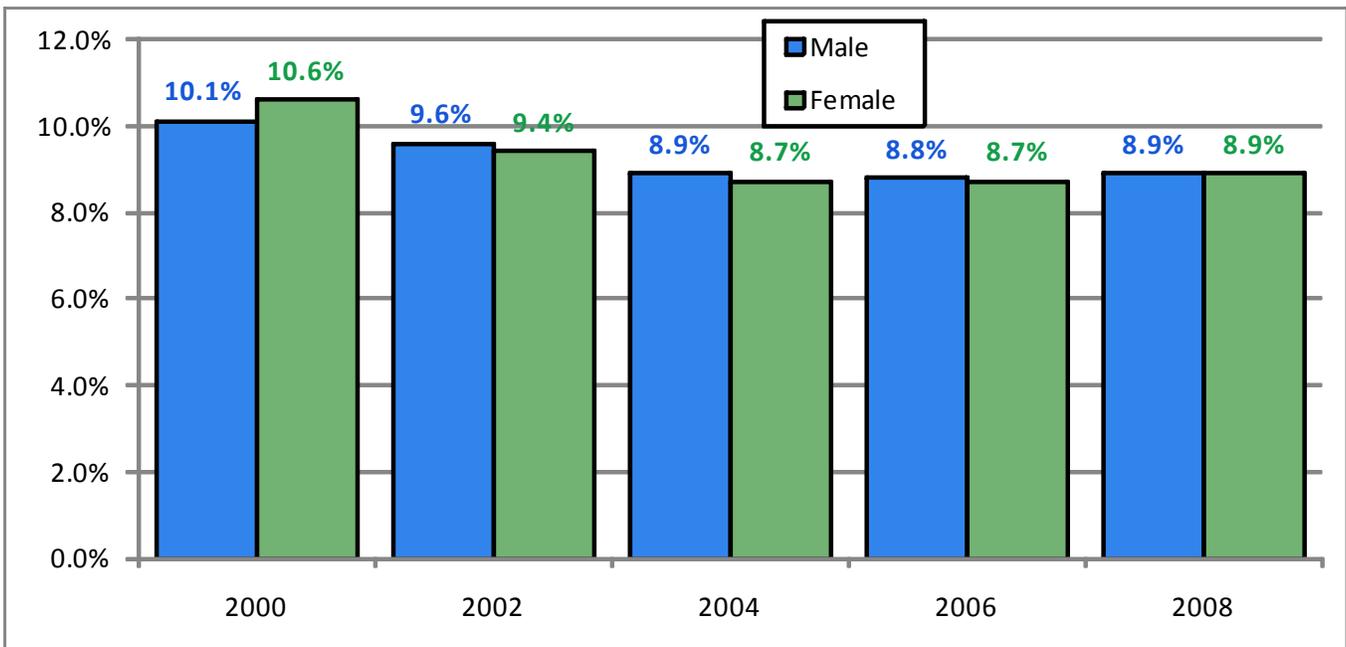
Investigating the differences in turnover by gender reveals that, essentially, both male and female workers experience job churning at nearly the same levels over the study years. In 2000, women workers demonstrated the highest rate at 10.6 percent, but men reported 10.1 percent for the year.

Figure 3. Turnover Rates by Age Group, 2000-2008



Source: U.S. Census Bureau, *Local Employment Dynamics (LED)*.

Figure 4. Turnover Rates by Gender, 2000-2008



Source: U.S. Census Bureau, *Local Employment Dynamics (LED)*.

Conclusions

With today's baby boomer generation beginning to retire from the labor market, many companies are finding it increasingly difficult to retain employees, even in this unstable economy. It is relatively common for employees to change jobs every few years, rather than remain with one company throughout an entire career. In addition, more employees are looking for a balance between work and family life.

The high cost to businesses of losing key employees has long been recognized. High turnover often means that employees are unhappy with the work or compensation, the lack of career advancement, or with management. Direct costs to companies include recruitment, selection, and training of new staff. Much time and expense go into this process. There are indirect costs, as well, in terms of workload distribution and overtime pay of current staff, and possibly reduced productivity due to low morale. Although certain causes of turnover cannot be predicted or eliminated, most companies have control over specific segments of their organization that can be managed. These include non-competitive compensation, high stress, working conditions, monotony, poor supervision, and organizational practices.

Creativity in compensation and benefits can make quite a difference to the welfare of the employee. Other options can be considered, such as alternative work schedules or flextime and wellness programs. Perks such as service recognition, other forms of recognition, event tickets, and trips can send a strong message to the public regarding the company culture and values. Although costs associated with providing these types of benefits may seem excessive, it must be weighed against the costs of continually replacing and training new staff. Ultimately, it must be the responsibility of the business community as a whole to find ways to attract and retain the best workers.

Reference:

U.S. Census Bureau. *Local Employment Dynamics (LED)*.
Accessed 4/1/09 from <<http://lehd.did.census.gov/led/datatools/quiapp.html>>

STEM Occupations Promote Innovation

Much attention is being placed nationally on the need to build a competitive Science, Technology, Engineering, and Mathematics (STEM) workforce. For this report, STEM jobs are defined as falling primarily into the architecture and engineering; computer and mathematical; life, physical, and social science; and healthcare practitioner occupational groups. Relatively speaking, STEM occupations are innovative, high paying, and fast growing.

To be competitive in a global economy, experts say, the ability to be innovative is a must. And innovation is dependent upon acquiring a skilled workforce with strong STEM skills. Iowa and the nation as a whole rely on the scientific and technical community to transfer intellectual innovation into high value products and services. This leads to a couple of basic questions. What is the state of STEM occupations in Iowa? Secondly, does Iowa project a healthy and growing mix of STEM jobs for its future workforce?

STEM Growth

According to occupational projections data prepared by Iowa Workforce Development (IWD), nearly 139,000 people in Iowa are employed in STEM occupations, which represented 8 percent of Iowa’s total employment for 2006 (see Figure 1). By 2016, STEM employment is projected to increase to 8.5 percent of total employment, which will mean that one employee in 12 will be classified as a STEM worker.

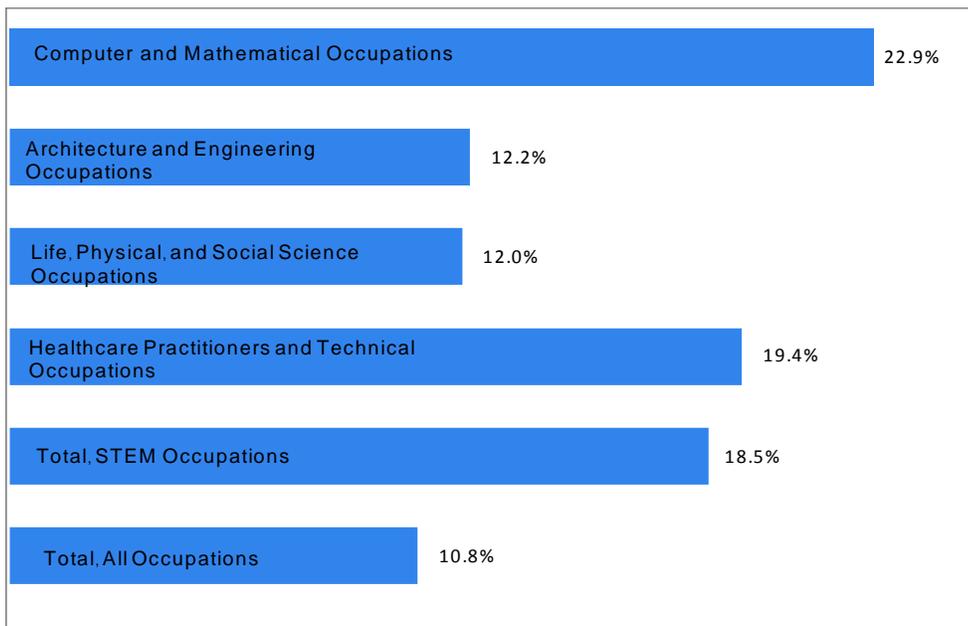
Figure 1. 2006-2016 STEM Occupations as a Percent of Total Employment

	2006	Percent	2016	Percent
Total, All Occupations	1,741,695	100.0	1,929,980	100.0
Computer and Mathematical Occupations	28,535	1.6	35,070	1.8
Architectural and Engineering Occupations	18,065	1.0	20,270	1.1
Life, Physical and Social Science Occupations	13,040	0.7	14,610	0.8
Healthcare Practitioners and Technical Occupations	79,115	4.5	94,495	4.9
Total, STEM Occupations	138,755	8.0	164,445	8.5

Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

STEM occupations reside in fast growth, highly innovative fields, and act as economic catalysts, especially in the creation of new jobs. Compared with the total for all occupations, STEM occupations are growing significantly faster (see Figure 2). The 18.5 percent growth rate for these occupations is significantly higher than the 10.8 percent growth rate for all occupations. Further, the occupational projections show that approximately one in eight new jobs will be STEM-related between 2006 and 2016, and, six of ten new STEM jobs will be in Health. This is reflective of an aging baby boomer generation that will increase the demand for health services.

Figure 2. 2006-2016 STEM Occupational Groups by Job Growth Rate



Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

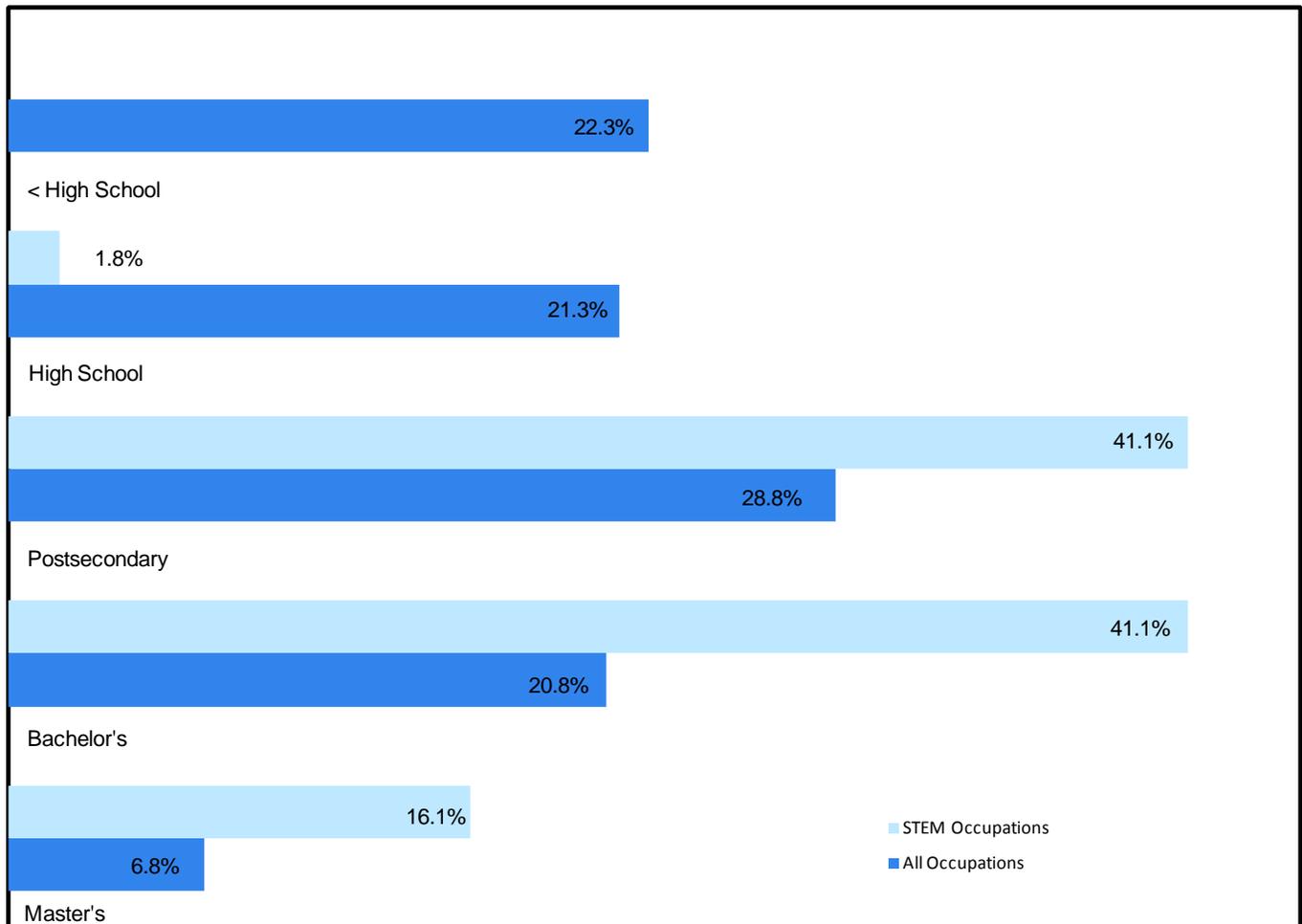
STEM Occupational Composition

A variety of occupations comprise the STEM occupational groups (see Figure 4 on the following page). Upon closer inspection, the numbers indicate that the majority of these occupations are paid well, demand a high level of education and training, and are projected to grow significantly from 2006 to 2016. The mean wage* for workers employed in the STEM occupational groups is \$27.97, more than 60 percent higher than the \$17.43 average for all occupations.

STEM Education

The occupational projections for 2006-2016 indicate that nearly all STEM occupational job openings will require at minimum a postsecondary education (see Figure 3). In addition, roughly one-third will require a bachelor's degree (well over one-half if registered nurses are included). This suggests that Iowa's educational institutions will be counted on to deliver sufficient numbers of graduates to fill future job openings.

Figure 3. STEM Occupational Education and Training Requirements



Source: Labor Market and Workforce Information Division, Iowa Workforce Development.

Fortunately, preliminary data of postsecondary degree completion rates in Iowa (Iowa College Student Aid Commission) indicate that current levels of supply and demand are moderating any critical or severe labor shortages in Iowa's STEM employment. Economic conditions can change dramatically; however, and can cause drastic labor shortages. Examples of constant demand for more workers (STEM and nonSTEM) include such diverse areas as rural healthcare, education, advanced manufacturing, and over-the-road trucking. The demand in these occupational areas is likely to continue, especially with impending baby boomer retirements occurring over the next 10 years.

Figure 4. Composition of Iowa's STEM Occupational Groups

Occupational Title	2006 Estimated Employment	2016 Projected Employment	2006-2016 Employment Change	Annual Growth Rate (%)	Annual New Jobs	Annual Replacements	Total Annual Openings	2008 Mean Hourly Wage*	2008 Mean Annual Salary	Education/Training Level**
Total, All Occupations	1,741,695	1,929,980	188,285	1.1	20,455	37,950	58,400			
Computer & Mathematical Occupations	28,535	35,070	6,540	2.3	665	645	1,310			
Computer Software Engineers, Applications	3,430	4,900	1,470	4.3	145	50	195	\$35.36	\$73,541	2
Network Systems & Data Communications Analysts	2,790	3,970	1,175	4.2	120	55	175	30.74	63,954	2
Computer Systems Analysts	4,690	6,065	1,375	2.9	140	125	260	33.29	69,243	2
Database Administrators	665	840	180	2.7	20	5	25	29.94	62,260	2
Computer Software Engineers, Systems Software	2,830	3,540	710	2.5	70	40	110	36.16	75,204	2
Network & Computer Systems Administrators	2,745	3,395	650	2.4	65	65	130	30.07	62,549	2
Actuaries	515	635	120	2.3	10	20	30	43.81	91,133	2
Computer Specialists, All Other	1,875	2,215	340	1.8	35	50	85	26.90	55,959	3
Computer Support Specialists	4,475	5,055	580	1.3	60	140	195	20.83	43,325	3
Computer Programmers	3,785	3,680	-105	-0.3	0	80	80	29.29	60,907	2
Architecture & Engineering Occupations	18,065	20,270	2,200	1.2	220	415	635			
Industrial Engineers	2,250	2,890	640	2.8	65	55	120	30.08	62,569	2
Surveyors	525	660	135	2.6	15	15	30	22.57	46,961	2
Industrial Engineering Technicians	600	720	120	2.0	10	10	25	22.77	47,364	3
Architects, Except Landscape & Naval	940	1,095	155	1.6	15	20	35	32.24	67,053	2
Civil Engineers	1,565	1,815	250	1.6	25	40	65	35.16	73,138	2
Civil Engineering Technicians	675	755	80	1.2	10	15	20	20.75	43,180	3
Mechanical Drafters	1,030	1,105	75	0.7	10	30	35	21.18	44,038	3
Electrical Engineers	1,195	1,270	75	0.6	10	30	35	37.90	78,840	2
Architectural & Civil Drafters	1,015	1,075	60	0.6	5	30	35	21.71	45,153	3
Electrical & Electronic Engineering Technicians	835	875	40	0.5	5	15	20	24.51	50,990	3
Mechanical Engineers	2,610	2,735	125	0.5	15	55	70	32.82	68,252	2
Life, Physical, & Social Science Occupations	13,040	14,610	1,565	1.2	155	305	465			
Market Research Analysts	2,410	2,860	450	1.9	45	15	60	27.61	57,426	2
Chemists	465	530	65	1.4	5	10	20	29.27	60,876	2
Environmental Science & Protection Technicians, Including Health	475	535	55	1.2	5	20	25	22.75	47,312	3
Biological Technicians	710	785	80	1.1	10	25	35	16.90	35,163	2
Clinical, Counseling, & School Psychologists	1,480	1,650	165	1.1	15	25	40	27.84	57,911	1
Agricultural & Food Science Technicians	945	1,035	95	1.0	10	15	25	17.10	35,546	3
Soil & Plant Scientists	1,470	1,590	120	0.8	10	45	55	29.70	61,775	2
Chemical Technicians	540	570	35	0.6	5	20	20	19.94	41,465	3
Forest & Conservation Technicians	490	505	15	0.3	*	*	20	18.67	38,811	3
Healthcare Practitioners & Technical Occupations	79,115	94,495	15,380	1.9	1,540	1,470	3,010			
Pharmacy Technicians	3,195	4,325	1,130	3.5	115	100	210	12.46	25,908	4
Veterinary Technologists & Technicians	470	625	160	3.4	15	15	30	14.07	29,265	3
Veterinarians	1,370	1,795	425	3.1	40	25	70	30.42	63,283	2
Dental Hygienists	1,950	2,460	515	2.6	50	35	90	30.24	62,901	3
Physical Therapists	1,705	2,120	410	2.4	40	20	60	32.66	67,942	1
Pharmacists	2,605	3,220	615	2.4	60	45	105	44.28	92,094	1
Occupational Therapists	920	1,130	210	2.3	20	15	35	29.53	61,434	1
Physician Assistants	570	700	130	2.3	15	10	20	37.81	78,644	1
Registered Nurses	31,805	39,035	7,230	2.3	725	525	1,250	24.41	50,763	3
Surgical Technologists	640	785	145	2.3	15	20	35	16.83	35,009	3
Respiratory Therapists	880	1,065	185	2.1	20	15	30	21.46	44,626	3
Occupational Health & Safety Specialists	480	570	85	1.8	10	10	20	27.64	57,488	2
Medical Records & Health Information Technicians	1,880	2,190	315	1.7	30	50	80	14.09	29,317	3
Emergency Medical Technicians & Paramedics	2,165	2,505	340	1.6	35	25	60	12.89	26,807	3
Radiologic Technologists & Technicians	2,595	2,955	360	1.4	35	35	70	21.38	44,482	3
Licensed Practical & Licensed Vocational Nurses	7,055	8,005	950	1.3	95	190	285	17.11	35,588	3
Medical & Clinical Laboratory Technicians	1,330	1,505	175	1.3	20	20	40	17.73	36,868	3
Health Diagnosing & Treating Practitioners, All Other	735	830	95	1.3	10	15	25	49.72	103,416	2
Healthcare Practitioners & Technical Workers, All Other	795	895	100	1.3	10	15	25	18.41	38,294	3
Physicians & Surgeons, All Other	1,230	1,380	145	1.2	15	20	35	80.49	167,432	1
Speech-Language Pathologists	1,030	1,150	115	1.1	10	20	30	25.88	53,820	1
Family & General Practitioners	2,395	2,640	245	1.0	25	45	70	82.87	172,359	1
Opticians, Dispensing	965	1,065	95	1.0	10	30	40	13.17	27,385	3
Medical & Clinical Laboratory Technologists	1,515	1,640	120	0.8	10	25	35	23.63	49,130	2
Dietitians & Nutritionists	805	860	60	0.7	5	20	25	22.77	47,343	2
Dentists, General	1,090	1,150	60	0.6	5	20	25	72.68	151,182	1

*Mean Wage is also known as the average wage, and is computed by dividing the estimated total wage for an occupation by its weighted employment.

**The Education/Training Level is a modification of the levels provided by the Bureau of Labor Statistics (BLS), and provides a general indication of the education and/or training required for an occupation. This modified model features the following levels: 1 = Master's degree or higher; 2 = Bachelor's degree; 3 = Postsecondary education/training; 4 = High school education or G.E.D.; and 5 = Less than high school education or G.E.D.

The Need for STEM

In strengthening the pipeline to ensure adequate numbers of workers to fill STEM positions, much collaboration is needed among state and local agencies, educational institutions, workforce training and development programs, and other interested stakeholders. Early emphasis on STEM skills in the primary and secondary schools is essential as more and more students will be needed in the postsecondary ranks to fill the STEM jobs of the future. Providing teachers with the necessary training to teach and promote STEM skills can pay off with a highly qualified workforce. Likewise many economic benefits are attainable with additional public and private workforce training and development programs being made available to existing workers.

Employment conditions can change in dramatic fashion as witnessed through the current economic crisis. With slowdowns and layoffs affecting the economy, government stimulus packages that propose high-end STEM research in education, energy, and healthcare will be expected to spur more STEM-job creation in the economy. Success in these and other targeted industries can and will be measured by the qualitative level of innovation America's STEM workers provide. American competitiveness, basically, is at stake in the global economy. Clearly, innovation through the STEM occupations is a primary key. The National Academy of Sciences study, *Rising Above the Gathering Storm* (2006), warns that, absent a serious and rapid response, the U.S. will lose quality jobs to other nations, thereby lowering our standard of living, reducing tax revenues, and weakening the domestic market for goods and services. Once this cycle accelerates, it will be difficult to regain lost pre-eminence in technology-driven innovation and its economic benefits.

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Statewide Laborshed Analysis

The purpose of this analysis is to measure the availability and characteristics of workers within the State of Iowa on geographic principles (Laborshed Study). The data generated will aid state and local development officials in their facilitation of industry expansion and recruitment, and their service to existing industry in the state. All such entities require detailed data describing the characteristics of the available labor force including current/desired wage rates and benefits, job qualifications and skills, age cohorts, residence/work location, and employment requirements/obstacles. The Statewide Analysis is based on responses received from 6,000 individuals in the State of Iowa. The responses were extracted from the Statewide Laborshed database of 35,100 surveys conducted between January, 2008 and December, 2008. Surveys were conducted in each ZIP code based on a random sample of the population between 18 and 64 years of age, and weighted by the total number of people in each ZIP code.

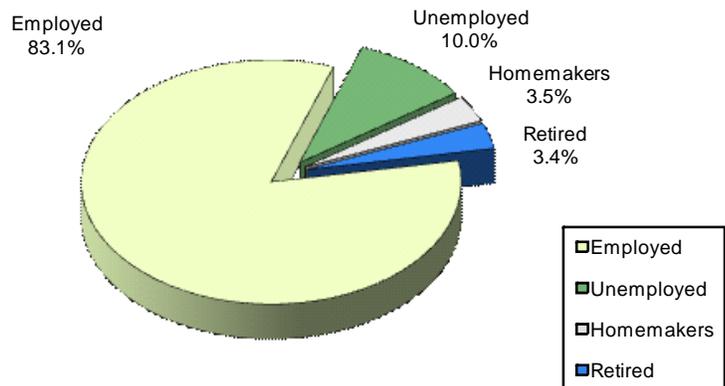
Employment Status and Occupations in the State of Iowa

The results of this survey show that 83.1 percent of *all* the respondents identified themselves as being employed at the time they were contacted, 10.0 percent were unemployed, 3.5 percent were homemakers, and 3.4 percent were retired (Figure 2). Survey respondents from the State of Iowa were asked to identify their current job title and the industry in which they are currently working (Figure 1). The largest concentrations of workers are employed within the management, office and administrative support, or production occupational categories.

Figure 1. Occupational Groups of Survey Respondents

Occupations	% within Region
Management	15.5%
Office and Administrative Support	13.8%
Production	13.4%
Education, Training, and Library	7.8%
Sales and Related	6.5%
Health Care Practitioner and Technical	5.5%
Transportation and Material Moving	5.1%
Business and Financial Operations	4.4%
Construction and Extraction	4.2%
Installation, Maintenance, and Repair	4.1%
Food Preparation and Serving Related	3.6%
Health Care Support	2.6%
Building/Grounds Cleaning and Maintenance	2.3%
Personal Care and Service	2.2%
Architecture and Engineering	1.8%
Community and Social Services	1.5%
Computer and Mathematical Science	1.5%
Arts, Design, Entertainment, Sports, and Related	1.3%
Life, Physical, and Social Science	1.0%
Protective Service	0.8%
Legal	0.6%
Farming, Fishing, and Forestry	0.5%

Figure 2. Employment Status of Survey Respondents



Education/Training and Wage Requirements

Two-thirds (66.7%) of the employed residents within the State of Iowa have some level of education/training beyond high school, 3.6 percent are trade certified, 2.4 percent have completed vocational training, 14.1 percent have an associate degree, 19.2 percent have an undergraduate degree, and 10.6 percent have a postgraduate/professional degree. Respondents are surveyed on either an hourly or salaried basis; hourly wages are not converted to annual salaries. The State of Iowa has a higher concentration of respondents who are currently receiving an hourly wage (59.8%) versus those who are receiving an annual salary (34.7%). The current median wage of those who are employed is \$13.67 per hour and the median salary is \$46,000 per year. The level of education/training and the current median wages of employees by industry in the State of Iowa is displayed in Figure 3 on the following page:

**Figure 3.
Education and Current Median Wage Characteristics by Industry**

Industry	Education				Median Wages	
	Some Level Beyond High School	Associate Degree	Undergraduate Degree	Postgraduate Degree	Salary Wages (per year)	Non-Salary Wages (per hour)
Agriculture, Forestry, & Mining	59.5%	17.4%	16.8%	3.2%	\$45,000	\$12.50
Construction	44.5%	10.0%	6.7%	1.9%	\$45,000	\$16.00
Manufacturing	49.2%	11.5%	10.1%	3.6%	\$50,000	\$14.78
Transportation, Communication, & Utilities	62.6%	15.3%	19.2%	3.2%	\$50,000	\$15.00
Wholesale & Retail Trade	55.2%	10.5%	13.3%	4.2%	\$40,000	\$9.00
Finance, Insurance, & Real Estate	77.4%	18.3%	28.7%	9.6%	\$50,000	\$13.13
Health Care & Social Services	76.2%	21.6%	19.4%	9.6%	\$45,550	\$13.00
Personal Services	65.3%	11.0%	13.8%	7.9%	\$28,000	\$9.50
Entertainment & Recreation	58.4%	5.2%	15.6%	6.5%	\$43,000	\$8.50
Professional Services	66.9%	14.5%	19.3%	10.7%	\$42,000	\$11.00
Public Administration & Government	73.0%	16.6%	21.6%	10.2%	\$50,000	\$16.75
Education	88.1%	8.5%	33.1%	34.1%	\$45,000	\$11.91

This table includes all respondents without consideration of employment status, willingness to change/enter employment, or occupation

Employment Benefits

There are a variety of benefit packages being offered to employees within the State of Iowa in addition to wages. Current benefits include health/medical insurance (93.5%), pension/retirement options (71.1%), dental coverage (48.0%), paid vacation (32.4%), vision coverage (25.5%), life insurance (25.5%), paid holidays (23.0%), paid sick leave (20.4%), disability insurance (13.9%), prescription drug coverage (6.7%), tuition assistance/reimbursement (2.5%), stock options (2.1%), and flextime (1.2%). Nearly three-fourths (74.3%) of respondents stated they are currently sharing the cost of health/medical insurance premiums with their employer; 18.5 percent indicate their employer pays the entire cost of insurance premiums; while 7.2 percent of the employers/employees have made other arrangements.

Employed Willing to Change Employment

Over one-tenth (12.6%) of those who are employed, willing to change employment, are working two or more jobs. Those who are employed willing to change are currently working an average of 41 hours per week. The wage threshold of employed residents who are “very likely” or “somewhat likely” to change employment is estimated to be \$14.25 to \$15.00 per hour regardless of industry. Salaried employees willing to change employment have a threshold of \$55,000 to \$60,000 per year. The survey provides the respondents an opportunity to identify employment benefits that would influence their decision to change employment. Desired benefits include health/medical insurance (90.0%), pension/retirement options (33.0%), dental coverage (21.6%), paid vacation (15.8%), and vision coverage (13.9%). Over one-fourth, 27.5 percent, are currently working within the production, construction, and material handling occupational category followed by 23.7 percent within the professional, paraprofessional, and technical occupational category. Employers who have a clear understanding of the job search resources used by workers will improve their ability to maximize their effectiveness and efficiency in attracting qualified applicants. Residents living within the State of Iowa are undoubtedly exposed to numerous sources by which employers communicate job openings and new hiring. The most frequently identified job search resources are the internet (66.3%), local newspapers (48.1%), local Iowa Workforce Development Centers (23.7%), networking (22.1%), and regional newspapers (15.5%).

Underemployed

The underemployed are composed of individuals who are working fewer than 35 hours per week, but desire more hours (2.4%); who are working in positions that do not meet their skill or education levels, or worked for higher wages at previous employment (2.3%); and/or working at wages equal to or less than the national poverty level (2.2%). All three measures of underemployment result in an estimated total underemployment rate of 5.9 percent within the state. It is important to emphasize that these underemployment percentages are only estimates; however, IWD has filtered the data to eliminate double counting of respondents within and between the three categories. A person underemployed due to inadequate hours and mismatch of skills is only counted once. The wage threshold for the underemployed is \$11.00 to \$12.00 per hour with a lowest median considered wage of \$10.00 per hour. When looking for employment opportunities the underemployed primarily use the internet (60.0%); local newspapers (50.0%); local Iowa Workforce Development Centers (34.7%); networking through friends, family, and/or acquaintances (19.7%); and regional newspapers (10.9%).

Education and Training

Nearly three-fifths (55.7%) of the unemployed respondents within the state have some post high school education, 5.0 percent are trade certified, 2.6 percent have completed vocational training, 9.8 percent have an associate degree, 12.1 percent have an undergraduate degree, and 4.7 percent have a postgraduate/professional degree. One-third (33.3%) of those who are unemployed and willing to re-enter the workforce feel they need additional training/education in order to make a successful transition back into the workforce.

Work Experience and Environment

Nearly two-thirds (64.4%) of the respondents became unemployed within the last year with the majority (74.9%) of those having held full-time positions, 16.1 percent held part-time positions, 5.8 percent held seasonal/temporary positions in their previous employment, and 2.9 percent were self-employed. These individuals have diverse work experiences; the majority held positions within the production, construction, and material handling; service; professional, paraprofessional, and technical; or clerical occupational categories. The unemployed respondents can accommodate a variety of work environments. Most (90.7%) of the respondents would prefer employment opportunities in job team work environments, 81.4 percent of the respondents expressed an interest in employment opportunities that provide cross-training, and 50.9 percent would be interested in job sharing positions--two people sharing one full-time position. Nearly three-fifths (56.0%) of the unemployed expressed an interest in working a variety of work schedules (combinations of 2nd, 3rd or split shifts). Seasonal employment opportunities as well as temporary employment would be a consideration for 63.8 percent of the unemployed looking to re-enter the workforce.

Wages and Benefits

Wage levels, hours available, and employee benefits are important factors for unemployed individuals. The estimated wage threshold for the unemployed willing to re-enter employment is \$11.00 to \$12.00 per hour. This threshold should serve as a base recommendation for obtaining the most qualified applicants for hiring. The median of the lowest hourly wage that unemployed respondents are willing to accept is \$10.00 per hour. At their prior employment, the unemployed received a median hourly wage of \$10.00 per hour. In addition to salary/wages and hours, some of the unemployed would be influenced by the following benefits when considering an employment offer: health/medical insurance (90.4%), dental coverage (28.0%), pension/retirement options (22.5%), vision coverage (15.1%), and paid vacation (12.9%). Nearly three-fourths (74.9%) of those seeking to return to the workforce would prefer employment offers that include medical insurance where the employer and employee share the cost of the premiums.

Job Search Techniques

The most frequently identified job search media are local newspapers (54.2%), the internet (51.5%), local Iowa Workforce Development Centers (43.1%); networking through family, friends, and acquaintances (29.0%); and regional newspapers (16.3%).

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