

Oregon: Major Player in Microbreweries

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Note: This article does not advocate the consumption of alcoholic beverages. Drink responsibly if you choose to consume alcohol. No beer was consumed during the research or writing of this article.

From Hops to Brewpubs

Oregon's brewery industry has gone from relative obscurity to world notoriety in only a couple of decades. It has been held up as an example of an industry that has capitalized on the region's competitive advantage to grow and succeed in a niche market for this specialty product.

Hops were introduced into the rich bottomland soils of Polk County in the 1860s. From the late 1800s to the 1940s, Independence was known as the hop capital of the world. By 1935, Oregon's hop acreage totaled 26,000, accounting for two-thirds of the U.S. acreage. By the 1950s, demand fell as new brewing techniques required fewer hops, and imports took sales away from domestic brewing. The amount of hops in a barrel of beer fell by one-half from 1950 to 2004, according to *Brewers Almanac*. Beer's taste became

lighter over that time nationwide. Oregon last year was the second-largest U.S. producer of hops, with acreage totaling slightly more than 5,000.

In the early 1980s, a group of pioneering microbrewers noticed Oregon shared some characteristics with Germany, including latitude, climate, and access to premium hops. In 1984, Oregon State University (OSU) graduate Rob Widmer, with his brother and father, opened Widmer Brothers Brewing Co. in Portland. It produced 400 barrels of beer the following year.

Oregon's brewery industry received a boost of a less biblical proportion when prohibition-era legislation that banned the concept of a brewpub was repealed in 1985. OSU graduates Mike and Brian McMenemy convinced the Oregon legislature that allowing brewing in a restaurant was no different than allowing wine tasting in a vineyard. The Oregon legislature perceived repealing the decades-old law would help the homegrown industry. That year, the McMenemy brothers opened Oregon's first brewpub, the Hillsdale Pub. Today, McMenemy's has 53 locations in Oregon and Washington and employs 1,700 workers.

Since those early pioneering days, Oregon became regarded as the capital in this industry. The state is purported to have the most microbreweries per capita nationwide. Portland is reputed to have the most microbreweries and brewpubs of any city, anywhere in the world. That's quite a feat for an industry whose seeds sprouted a mere 20 years ago.

Oregon last year was the second-largest U.S. producer of hops.

Measuring the Industry

Measuring employment and payroll using standard industry definitions presents a challenge due to the blurring lines of restaurants, drinking places, and breweries in Oregon. 2004 offers the most recent data. That

year, there were 13 business units employing 327 covered workers in the breweries industry. The payroll of workers covered by unemployment insurance totaled \$12,743,731. Employment in drinking places exceeded 5,500, while full-service restaurants employed about 55,000. Most brewpubs would be counted in one of these two categories.

In addition to the production of beer, there were another 1,872 workers in 2004 employed at 41 business units in the beer and ale merchant wholesalers industry, with a total payroll of \$69,251,278. By this time, Widmer Brothers was producing about 200,000 barrels of beer per year.

The Oregon Brewers Guild is a trade organization formed in 1992 to promote craft beer brewed in Oregon. It compiles statistics on the state's brewery industry. Here are a few facts they publish:

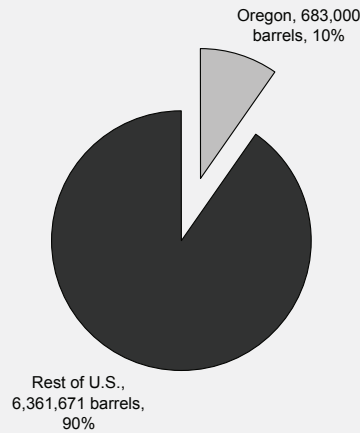
- There are 60 brewing companies operating 80 brewing facilities in Oregon.
- The Portland metro area has 38 breweries, more than any other city in the world.
- Last year, Oregon produced 683,000 barrels of craft beer, the equivalent of 1.34 million kegs, or 226 million bottles (Graph 1).

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Graph 1

Portion of U.S. Craft Beer Brewed in Oregon, 2005



Source: Oregon Brewers Guild

Admission is free, but beer is sold. 2006 marked the event's 19th year.

Domestic beer volume fell 1.2 percent in 2005. Imports, rising 7.1 percent, have affected domestic beer sales. Still, in 2005, Oregon's craft breweries sold 16 percent more barrels than in the previous year, outpacing the U.S. average of a 9 percent increase (Graph 2), according to the Boulder, Colorado-based Brewers Association.

Are the big players in the United States brewing industry taking note? An article in the April 26, 2006, edition of the *Wall Street Journal* seems to indicate they are. The article mentions that, for a number of years, Anheuser-Busch has tinkered with its Budweiser formula to make it less bitter and pungent, a result of the "company's desire to create a beer for the everyman."

With Budweiser losing market share for the past 15 years, the company has quietly added more hops to its beer. August Busch III was quoted in the *WSJ* article, in a meeting with hop growers in Oregon and Washington: "I told the growers of our desire to use more hops in our brewing for the purpose of delivering more amplitude and hop flavor in Budweiser."

All the World's a Stage

Even in an industry that has flourished for more than 20 years, there is still room for new kids on the block. Take

- Nearly 40 percent of all draft beer consumed in Oregon is produced here.
- Oregon's breweries directly employed more than 3,800 workers.
- The industry contributed \$2.24 billion to Oregon's economy.

Jobs in the brewery industry pay higher than the average wage in Oregon.

advanced chemistry, biochemistry, mathematics, and successful brewing. The University of California, Davis, is the only other institution offering a fermentation sciences program.

The state's craft and microbrew industry is showcased each year during the Oregon Brewers Festival, billed as the

largest beer festival in North America. The festival is the last week of July at Waterfront Park in downtown Portland.

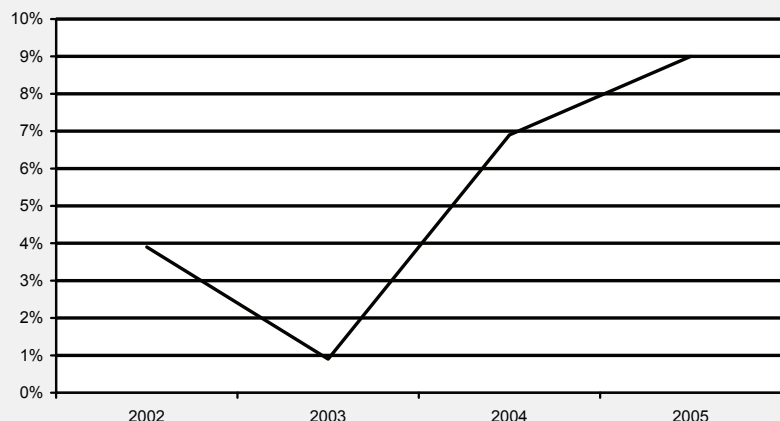
Complementing Oregon's proliferation of craft and microbreweries, OSU in 1996 established the nation's first endowed professorship in fermentation science, the Nor'Wester, at its Department of Food Science and Technology. The university also offers a fermentation science program. The program has about 60 students. Wineries, breweries, and manufacturers of distilled spirits compete for them with high-paying jobs.

Oregon Employment Department covered payroll data confirms jobs in the brewery industry pay higher than the average wage in Oregon. In 2004, the average worker pay in the brewery industry was \$36,000. Average pay in the beer and ale merchant wholesalers industry last year was \$38,367.

Don't be fooled into thinking you can get into the OSU program by knowing how to chug beer like John Belushi in "Animal House." Prerequisites include

Graph 2

Annual Percent Growth in U.S. Craft Beer Industry, Barrels of Beer Produced



Source: Oregon Brewers Guild

The Prehistory of Oregon's Beer

The origins of Oregon's brewery industry can be traced to the Great Missoula floods during the end of the last ice age around 15,000 years ago. During that time, a finger of the Cordilleran ice sheet reached toward the Idaho panhandle and formed a large ice dam that blocked the Clark Fork River. The dam created a lake 2,000 feet deep containing 500 cubic miles of water – more than Lake Erie and Lake Ontario combined.

When this ice dam failed, the lake burst through, shooting out at a rate more than 10 times the combined flow of all the rivers in the world. As this enormous volume of water and ice sped toward the Pacific Ocean at speeds nearing 65 miles an hour, the lake would have drained in 48 hours. This cataclysmic sequence of events occurred dozens of times over a 2,500-year period.

As the water flowed, it stripped cubic miles of soils from the landscape, created giant ripple marks three stories high, and scattered 200-ton boulders from the Rockies nearly to the Pacific Ocean. This helped produce the fertile soils that now blanket the Willamette Valley.

When these raging floodwaters reached a bottleneck downstream of Portland, they backed up and poured through two passes that scoured the Willamette watershed nearly to Eugene. As they emptied at a slower pace, debris carried by the waters fell out to the valley floor. The last to settle out was the glacial silt stripped from lands east of the Cascades, creating the flat, fertile landscape that is ideal for growing hops to make beer.

Ashland's Caldera Brewing Co., for example. It started in a small location in Ashland, brewing beer served mainly on tap at local bars in the Ashland vicinity. Now it cans its Pale Ale. In April, it took a gold medal at this year's World Beer Cup for its Pilsener Bier. Caldera's Dry Hop Red won a bronze medal.

Oregon breweries claimed 11 medals at the event – billed as the world's largest and most diverse international competition for commercial breweries (Graph 3). This year's competition had 2,221 entries from 540 breweries in 54 countries. The number of breweries represented was 33.5 percent more than participated in 2002.

Craft Breweries in Oregon – Poster Child for Oregon's Competitive Advantage

Standing Stone Brewing Co., founded in 1996, is Ashland's only restaurant featuring house-brewed beer. Emile Amaratoc, Standing Stone's president and general manager, sees the ability to brew and serve fresh beer on premises as a competitive advantage in today's market. "These days, people like to know where a product comes from and who's making it," he says. Amaratoc sees the microbrewing industry, along with theme-based foods, wine, and agri-tourism, as part of the experiential and entertainment sector that has been so popular in recent

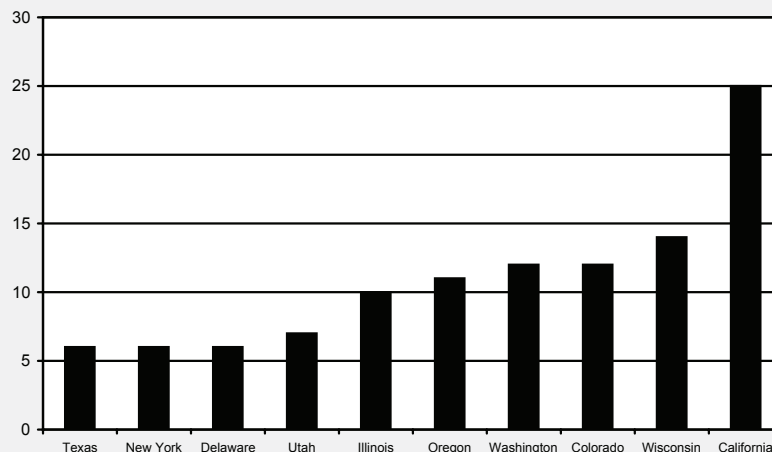
years. "Standing Stone is not alone in recognizing that brewpubs offer patrons a great experience combining beer, food, and ambiance, that can be enjoyed time and time again," Amaratoc says.

In Gov. Ted Kulongoski's "An Economic Vision for Oregon" paper, he highlights the brewery industry as having many earmarks of a successful and competitive industry model for the state. He writes: "To compete and succeed in the world market, Oregon must focus on its strengths and cultivate its competitive advantages. ... Oregon will commercialize research and foster entrepreneurship to develop a new generation of industries and to diversify its economy. ... Whether it is the style of a new running shoe, the distinctive taste of an Oregon microbrew, or the organic appeal of Oregon country beef, new ideas move our economy forward."

In a recent presentation on Oregon's industry clusters, economist Joe Cortright used Oregon's microbrew cluster as an example of how industry clusters function and can be a competitive advantage to a region's economy. While still a relatively small player in total malt beverage sales, Oregon's craft brews are at the forefront of a growing trend of regional, niche markets for food and beverages that are an important piece of our state's economic future.

Graph 3

Top-10 2006 World Beer Cup Medals by State



Source: Brewers Association World Beer Cup, 2006

Even congress is taking note of the craft brewing industry. On June 6, 2006, the U.S. House of Representatives passed HR 753, which commends America's craft brewers: "... The House of Representatives supports the establishment of American

Craft Beer Week as a celebration of the contributions that American craft brewers have made to the nation's communities, economy, and history; and commends American craft brewers for providing jobs, improving the balance of trade, supporting American

agriculture, and educating Americans about the history and culture of beer while promoting the responsible consumption of beer as a beverage of moderation."

Ah, the power of beer. ■

Oregon Beer: Made with Passion and Artistry

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Aram Ansell is an Oregonian who loves a good beer – preferably one made by a craft brewery. That's not unusual. Oregonians are known for their love of microbrews. But Ansell has taken it one step further, brewing beer in 96-gallon batches at a brewpub in Southeast Portland.

Oregonians drink more craft beer than the residents of any other state, after adjusting for population. *National Geographic* called Oregon the U.S. Beer Capital. The *New York Times* recently claimed Portland "has arguably become one of the best destinations anywhere for beer tasting." Oregon's beer industry provides more than just tasty beverages. It provides jobs for thousands of Oregonians.

Why is Oregon so prominently listed among the world's great beer-making regions? And how does a person go from being a beer lover to a beer maker?

Why Oregon?

Oregon has a disproportionate share of breweries, with 60 brewing companies operating 80 brewing facilities. And Portland, with its 32 breweries as of this year, has more than any other single city in the world. Craft breweries emphasize using quality, natural ingredients in small batches to create good flavor. Every beer brewery in Oregon is a craft brewery since Blitz-Weinhard stopped brewing in Portland in 1999. Our strength in the industry comes

directly from the dedication of home brewers whose ambition took them from making beer at home to managing breweries that produce thousands of barrels a year.

Oregon is known for producing world-class hops and yeast. But ask Brian Butenschoen of the Oregon Brewers Guild what makes Oregon such a nexus for craft beer production and he immediately mentions two things: people who love making quality beer and the deregulation of the industry in the 1980s that allowed them to go commercial.

In 1978, Congress passed a bill allowing people to brew up to 200 gallons of beer a year for private consumption. Hobby brewers were free to make their own beer, experimenting with ingredients and fermentation techniques. Associations of home brewers sprang up with people trading recipes and swapping homemade beverages.

The American Homebrewers Association supports more than 700 homebrew clubs and boasts a membership of more than 9,000. The association hosts events like "Teach a Friend to Homebrew Day." It's impossible to know how many Americans make beer in their own garages, kitchens, and basements, but it's certainly a common hobby in Oregon.

Some of these backyard brewers weren't satisfied making small batches for friends. When Oregon repealed prohibition-era laws in the 1980s, entrepreneurs were suddenly free to brew and sell beer in brewpubs – small restaurants with beer made on-site.

How to Make Beer

People have been making beer for 7,000 years. The ancient Egyptians served it to the makers of the pyramids. Beer is remarkably simple to make – the trick is making it taste good. The basic ingredients are water, malted barley, hops, and yeast. The yeast consumes the barley and converts it into alcohol; the hops add distinctive flavor.

The goal of a good beer maker is to select the perfect combination of hops, barley, and yeast in the correct proportions to create a delicious beer. Technically, the yeast makes the beer. The brewer ensures quality by monitoring and controlling the process. That includes sterilizing equipment, regulating temperatures, and analyzing test samples.

The Bureau of Labor Statistics identifies a key beer-making occupation as "separating, filtering, clarifying, precipitating, and still machine setters, operators, and tenders." Such workers set up, operate, or tend continuous-flow or vat-type equipment, filter presses, shaker screens, centrifuges, condenser tubes, precipitating, fermenting, or evaporating tanks, scrubbing towers, or batch stills. These machines extract, sort, or separate liquids, gases, or solids from other materials to recover a refined product.

Oregon had 648 of these workers in 2004. Today, they earn an average annual salary of \$37,502. They're found in breweries, as well as in other companies that manufacture food and beverages. Operating the equipment that produces beer requires most of the same skills needed to operate any food- or beverage-making equipment.

National Geographic
called Oregon the U.S.
Beer Capital.

Working For Beer Money

Butenschoen has a single word for what a person needs to become a brewer: passion. "You have to have good attention to detail," he says. "You'll need to be able to take directions and be patient." It takes time to learn the craft, and the best way to learn is to get a job at a brewery. Butenschoen warns that most entry-level positions in breweries pay \$8 to \$10 an hour. Common jobs involve moving and cleaning kegs and equipment.

Most jobs in brewpubs and breweries are not specific to the industry. Warehouse and bartending positions

dominate the staffing of medium to large businesses, but the heart of any beer brewing operation is the brewer.

Ansell recently became a professional brewer. For years, he brewed beer at home, trying different recipes and giving his experiments to friends and other homebrewers. The quality varied, but with each 5-gallon batch, he refined his technique. He attended club meetings and befriended amateur and professional brewers in the Portland area. Earlier this year, a fellow brewer tipped him off to a job opening as head brewer at Philadelphia's Steak and Hoagies in Southeast Portland.

As he adjusts the valves on a 96-gallon stainless steel tank, he talks knowingly about the technical details of making quality beer: temperatures for primary fermentation, priming sugars, alcohol content, and the weight of hops. Making beer is a simple science; yeast digests sugars and produces alcohol. However, controlling the fermentation process to create exceptional flavor is an art. And Ansell is more than a fermentation tank tender. He is an artist. ■

Oregon in July: School's Out, Unemployment Rate Steady

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Oregon's seasonally adjusted unemployment rate in July was essentially unchanged at 5.6 percent, from 5.4 percent in June. Oregon's unemployment rate has stayed between 5.3 percent and 5.6 percent since January. The July rate was down marginally from the year-ago figure of 6.2 percent. The nation's unemployment rate was 4.8 percent.

Oregon's total nonfarm payroll employment fell by 18,700 jobs in July. This was largely due to seasonal declines in education. Growth in nonfarm payroll employment slowed in recent months. While the overall trend is still upward, data for two of the past four months – April and June – showed job declines on a seasonally adjusted basis (Graph 1). Sectors contributing to this development included leisure and hospitality, manufacturing, educational and health services, and construction. Growth continues, however, July's total nonfarm payroll employment was up 51,000 jobs from one year ago.

Construction Sets Another Record

Construction set a new employment record in July. It added 2,100 jobs for a total of 103,900 jobs. July's growth

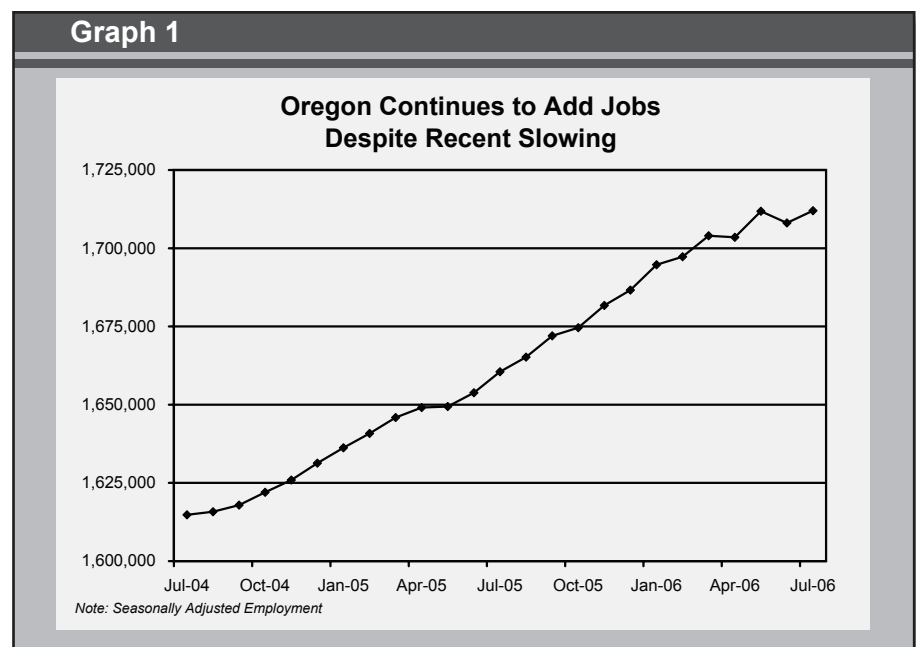
was 900 jobs short of typical gains. Construction grew by 9 percent since July 2005.

Building construction added 400 jobs due to activity in nonresidential building construction. Residential building construction employment was flat in July. Specialty trade contractors increased by 1,600 due to gains among building foundation and exterior contractors (+700) and building finishing contractors (+600). No components of the construction sector reported a job decline in July; activity was up or flat.

July's Standouts

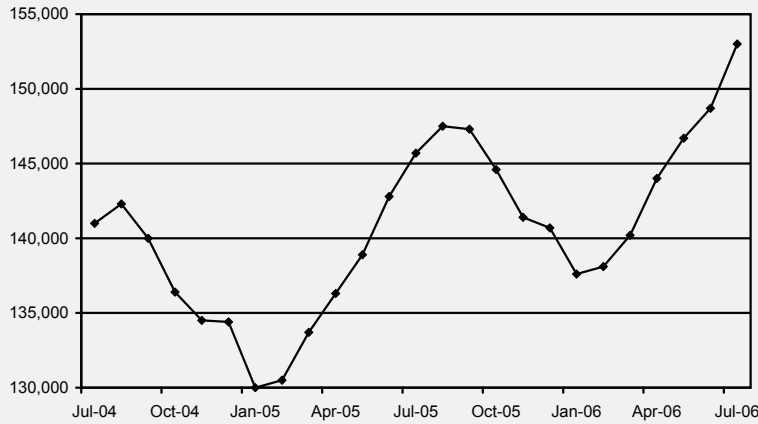
In July, most sectors reported job growth. However, two major industries – leisure and hospitality, and trade, transportation, and utilities – far exceeded their typical seasonal gains for the month.

Leisure and hospitality grew by 3,800 jobs – twice its typical gain for the month. Accommodation and food services was the engine for this growth. It added 4,300 jobs (Graph 2). Most were created in food service and drinking places, which added 2,900



Graph 2

Employment on the Upswing for Oregon Accommodation and Food Services



jobs. The industry was up 5,700 jobs over the year. Arts, entertainment, and recreation lost 500 jobs over the month and 2,500 over the year.

Trade, transportation, and utilities had strong growth in July, adding 3,000 jobs when it typically adds around 800. This growth was due to activity in the trade sector (+2,800 jobs). Transportation, warehousing, and utilities added 200 jobs.

Wholesale trade grew by 1,100 jobs, spurred by a 700-job increase among merchant wholesalers of nondurable goods. Retail trade saw strength in several areas and grew by 1,700 jobs. Food and beverage stores added 700 jobs, and nonstore retailers added 400. Building material and garden supply stores added 300 jobs, as did sporting goods, hobby, book, and music stores. A large decline of 600 jobs was reported by clothing and clothing accessories stores.

Harvest Time for Manufacturing

Manufacturing in July added 2,400 jobs – 500 less than typical seasonal gains. The majority of growth was in nondurable goods (+2,200 jobs). The manufacturing sector gradually trended downward on a seasonally adjusted basis in recent months. It added 5,300 jobs since July 2005.

Nondurable goods manufacturing took off in July with the seasonal processing of summer crops. Fruit and vegetable preserving and specialty establishments reported a gain of 2,000 jobs. Nonfood components of nondurable goods reported flat job activity.

School's Out for Summer

Government shed 30,700 jobs in July. This was brought on by seasonal reduction of staff at educational institutions. These reductions totaled 5,700 jobs at the state level and 25,900 for local governments. Federal entities in Oregon reported no significant employment changes.

Other Developments

Seasonal trends had an expected effect on professional and business services (+1,100 jobs) and financial activities (+900 jobs). The information industry lost 200 jobs. Other services reported no significant change in employment.

Summary

Oregon's economy lost 18,700 jobs in July, due to seasonal declines in education. Most major industries – especially leisure and hospitality and trade, transportation, and utilities – reported employment gains. Growth in total nonfarm payroll em-

ployment slowed in recent months. However, total employment continued to grow – July's total was 51,000 jobs higher than last year's. The state unemployment rate continued its stable pattern at 5.6 in July from 5.4 percent in June. ■

July Unemployment Rates
(Preliminary; not seasonally adjusted)

United States	5.0
Oregon	5.3

Counties

Douglas	7.1
Harney	7.0
Morrow	6.8
Malheur	6.5
Coos	6.4
Linn	6.4
Josephine	6.3
Umatilla	6.3
Klamath	6.2
Columbia	6.1
Lake	6.1
Grant	6.0
Wheeler	5.9
Curry	5.8
Jackson	5.8
Lane	5.8
Baker	5.6
Lincoln	5.6
Marion	5.6
Sherman	5.6
Multnomah	5.4
Yamhill	5.4
Crook	5.3
Jefferson	5.2
Union	5.2
Hood River	5.1
Benton	5.0
Clackamas	4.9
Polk	4.9
Tillamook	4.9
Wallowa	4.6
Clatsop	4.5
Washington	4.5
Gilliam	4.4
Deschutes	4.0
Wasco	3.7

Portland Unemployment Eighth Highest Among Large Metro Areas

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In June, unemployment rates in the nation's largest metropolitan areas – those with 1 million or more residents as of the 2000 Census – ranged from 3.1 percent in Orlando to 7.2 percent in New Orleans. Near the top of the list, the Portland metro area's 5.3 percent ranked eighth highest overall.

Metro areas within Oregon saw a tighter range of unemployment rates. Medford's 5.7 percent was the state's highest metro rate, followed by 5.6 percent in Eugene, 5.5 percent in Salem, 5.3 percent in Portland, and 4.8 percent in Corvallis. Bend saw the state's lowest metro rate, at 4.2 percent. Bend's rate, however, still fell in the middle of the pack in national comparisons, ranking 111th out of 367 metropolitan areas.

The U.S. Bureau of Labor Statistics releases a monthly ranking of unemployment rates by metro area in two groups. Data for the 49 largest metro areas can be found at www.bls.gov/web/laurgma.htm, and data for all 367 metro areas can be found at www.bls.gov/web/laummtrk.htm. The rates are not seasonally adjusted.



Fewer Mass Layoffs – Large or Small – in 2005

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The number of large layoff actions taken by Oregon employers continued to decline in 2005. Both the number of layoff events and the number of workers laid off declined by 11 percent.

Extended mass layoffs – those lasting more than 30 days – declined even more. They fell by 22 percent last year. The number of workers affected by extended layoffs fell by 16 percent from 2004 (Table 1).

Despite the general decline of layoffs throughout most of the Oregon economy, the size and duration of some manufacturing layoffs did increase in 2005. This is perhaps a cautionary note to what is, overall, good news and further evidence the recovery in the Oregon job market continued through 2005.

Layoffs Short and Long

The Bureau of Labor Statistics of the U.S. Department of Labor gathers layoff information nationwide for all industries except government and the agriculture, forestry, fishing, and hunting sector.

The bureau's Mass Layoff Statistics program identifies a mass layoff event as having occurred when 50 or more individuals file initial claims for unemployment insurance (UI) benefits within five consecutive weeks. When these conditions are met, potential mass layoff events are designated and employers are contacted to determine if a layoff has occurred and to gather additional information about the reasons for the layoff. When an employer verifies that at least 50 employees have been affected, mass layoffs are separated into two basic types: temporary and extended.

Temporary Layoffs

For Oregon, 75 percent or 172 of 230 mass layoffs identified in 2005 were

temporary. That's a slightly higher percentage than the 71 percent the year before. The total number of temporary layoffs decreased by 6

Mass layoffs are separated into two basic types: temporary and extended.

percent. They were, on average, slightly smaller – as measured by the number of initial claims – than the 2004 temporary layoff events (Table 2).

Not surprising, these temporary layoffs were

short; laid-off workers averaged less than two weeks off the job. The total number of UI benefit weeks claimed per total number of initial claims comprising the layoff last year averaged about 1½ weeks – a slight increase from 2004.

The 172 temporary layoffs were clustered in relatively few industries. Temporary help agencies reported

Table 1

Oregon Mass Layoff Events 2004-2005

Year	Events	Initial Claims	Total Weeks Claimed	UI Benefits Exhausted	Initial Claims Per Event	Total Weeks Claimed/Initial Claims	Percent Exhausting UI Benefits
2004	258	41,230	128,801	3,673	159.8	3.12	9%
2005	230	36,857	114,346	2,576	160.2	3.10	7%

Source: Mass Layoff Statistics, Bureau of Labor Statistics

the most short layoffs, at 43. The manufacturing sector – excluding food manufacturing, which is listed separately – was close behind with 41 temporary mass layoff events.

In almost all industries, the number of temporary layoff events and workers laid off declined in 2005. The exceptions were temporary help agencies and the retail trade sector. Temporary help agencies experienced an increase in the number of both events and individuals laid off in 2005. The retail trade sector registered a few more layoff events in 2005 than in 2004, but at the same time, fewer people were being laid off in those events.

The manufacturing layoffs were significantly shorter than those in most other industries. They lasted about half as long as the average layoff in temporary help, construction, retail trade, and the catchall “other” category.

Additionally, for manufacturing firms, the percentage of those laid off who eventually exhaust their UI benefits is also about half that of the other industries. This holds true even for the food manufacturing industry, which, while more truly seasonal than many other manufacturing sectors, resem-

bles the other manufacturing firms in average duration of layoffs.

Difficult Industries

Though labeled temporary layoffs, a more appropriate label for several of these industries – particularly the construction firms and temporary help firms – might be short-term recurring layoffs in which a repetitive start-stop pattern is an anticipated characteristic of employment. This would account for the higher number of laid-off workers who exhaust benefits among those involved in temporary layoffs.

Manufacturing, though experiencing its share of short layoffs, appears less volatile than other industries.

Extended Layoffs

The number of extended mass layoffs in Oregon last year fell by 23 percent to 58 from 75 in 2004. This was a larger percentage decline than that of the temporary mass layoffs.

Though the average size of the 2005 extended layoffs was a bit larger

than in 2004, the total number of workers involved in these layoffs fell by 16 percent to 10,739 from 12,846 in 2004 (Table 3).

The average duration of the layoffs remained the same, about seven weeks. However, there was a noticeable drop – from 19 percent to 15 percent – in the number of people exhausting UI benefits.

Almost all areas of Oregon’s economy showed a significant decline in the number of workers let go in extended mass layoffs in 2005. The only exception was in manufacturing, apart from food manufacturing.

Jobs are not disappearing in mass layoffs at the rate they were just a few years ago.

Employees in food manufacturing had a much better year in 2005 as the number of events and layoffs fell by about 40 percent. The rest of the manufacturing sectors didn’t fare as well. Though the number of events remained the same, the number of

laid-off workers increased about 30 percent. The average length of these layoffs jumped to more than 11 weeks from 8 in 2004. The individuals caught in these layoffs who exhausted UI benefits rose by 31 percent.

Table 2

Oregon Mass Layoff Events 2004-2005 (Temporary Events Only)

Year	Industry	Events	Total		Initial Claims Per Event	Total Weeks Claimed/Initial Claims	Percent Exhausting UI Benefits
			Initial Claims	Weeks Claimed			
2004	Construction	26	2,660	3,646	148	102.3	6%
	Food Manufacturing	21	4,461	2,244	55	212.4	1%
	Manufacturing	52	6,436	3,957	197	123.8	3%
	Other	33	5,503	6,867	234	166.8	4%
	Retail Trade	15	2,436	4,592	166	162.4	7%
	Temporary Help	36	6,888	11,983	492	191.3	7%
	Total	183	28,384	33,289	1,292	155.1	5%
2005	Construction	20	2,010	3,467	104	100.5	5%
	Food Manufacturing	17	3,691	3,382	96	217.1	3%
	Manufacturing	41	5,648	5,607	157	137.8	3%
	Other	33	5,149	5,562	115	156.0	2%
	Retail Trade	18	2,355	4,140	145	130.8	6%
	Temporary Help	43	7,265	13,733	397	169.0	5%
	Total	172	26,118	35,891	1,014	151.8	4%

Source: Mass Layoff Statistics, Bureau of Labor Statistics

Table 3

Oregon Mass Layoff Events 2004-2005 (Extended Mass Layoffs Only)

Year	Industry	Events	Initial Claims	Total Weeks Claimed	UI Benefits Exhausted	Initial Claims Per Event	Total Weeks Claimed/Initial Claims	Percent Exhausting UI Benefits
2004	Food Manufacturing	19	3,605	27,926	794	189.7	7.75	22%
	Manufacturing	11	1,418	11,512	334	128.9	8.12	24%
	Other	32	3,750	35,352	681	117.2	9.43	18%
	Retail Trade	13	4,073	20,722	572	313.3	5.09	14%
	Total	75	12,846	95,512	2,381	171.3	7.44	19%
2005	Food Manufacturing	12	2,181	14,922	368	181.8	6.84	17%
	Manufacturing	11	1,824	20,769	569	165.8	11.39	31%
	Other	25	3,640	24,927	284	145.6	6.85	8%
	Retail Trade	10	3,094	17,837	341	309.4	5.77	11%
	Total	58	10,739	78,455	1,562	185.2	7.31	15%

Source: Mass Layoff Statistics, Bureau of Labor Statistics

Summary

A continuing decline of mass layoffs is definitely good news for Oregon workers. The increase in the size and length of some manufacturing

layoffs is worth a cautionary note, but the overall conclusion is Oregon's jobs are not disappearing in mass layoffs at the rate they were just a few years ago. ■

For more information on the mass layoff statistics program, visit the Bureau of Labor Statistics Web site at www.bls.gov/mls/home.htm.

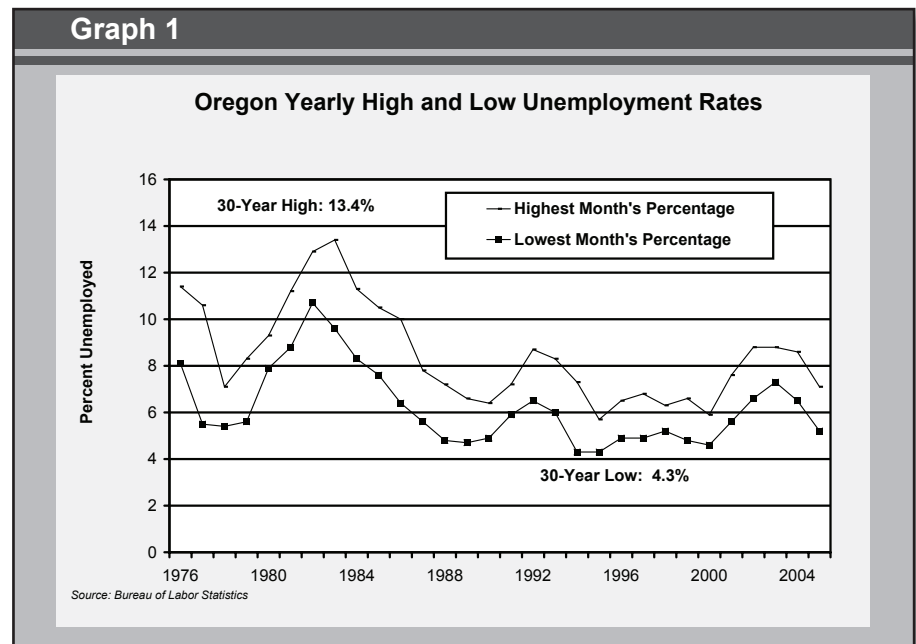
Trying to Hire Workers? Read This First

Pamela Ferrara, Workforce Analyst, Pamela.A.Ferrara@state.or.us, (503) 378-8386

Are you trying to hire employees for your business, and having more trouble now than you did one year ago? The reason could be that Oregon's labor market conditions have changed.

The biggest change is that the state is seeing its lowest unemployment rates since the late 1990s (Graph 1). Plus, the labor force – those working and looking for work – is growing slowly despite moderate growth in the state's population. All this means the supply of folks needing jobs isn't growing as fast as it has in the past. Economic theory tells us that, as the supply of labor tightens, employers may have to offer higher wages to attract workers. Adjusting benefits and recruitment strategies may also help.

Hiring an employee in today's labor market should be made with all available information. Visit the Occupational Information Center at www.Quality-Info.org to find information on wages,



skills, occupations with similar skills, training providers, licensing information, and much more.

If you're an employer looking for the right worker, iMatchSkills gives you

the power and flexibility to search your way, 24/7, without paying a fee. Visit www.WorkingInOregon.org, and let iMatchSkills help you zero in on the best candidates. ■

*Local Highlights:***Down on the Farm in Oregon's Largest Metro Area**

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Despite the fact that Portland is Oregon's largest urban area, agriculture is a significant part of its economy. According to the Oregon State University Extension Service, the five counties that make up the Oregon portion of the Portland metro area rang up nearly one-quarter of the state's total agricultural sales in 2005, and accounted for 9 percent of the state's harvested acreage.

The Oregon portion of the Portland Metro area includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties.

Agricultural Sales

Portland's agriculture economy generated more than \$1 billion dollars in sales last year – up 5 percent from 2004 and 24 percent from 2000 (not adjusted for inflation). Crops (e.g., grains, hay, nursery products, fruits, and nuts) accounted for the bulk of sales (89%), while livestock (e.g., dairy, cattle, and chicken eggs) netted the rest.

The region's number one agricultural product (as measured by 2005 sales) is specialty products, with \$646 million in sales. This category includes nursery crops, greenhouse products, and Christmas trees. More than half of Oregon's specialty products sales are generated in the metro area.

A distant second is grass and legume seed with \$76.3 million in sales – 20 percent of the statewide total. Small fruit and berry rounds out the top three (\$41.7 million), and the metro area accounts for 42 percent of statewide sales in this category. Cattle – the state's top agricultural commodity – came in a distant eighth place. The Portland area accounts for a negligible fraction of cattle sales statewide.

Clackamas County led the metro area in sales revenue (\$362 million). Statewide, it was second only to Marion County. The driving force here is specialty products, which accounted for two-thirds of sales. The county has a strong nursery industry and is the state's number one producer of Christmas trees.

Already dominant to begin with, crops' contribution to the region's farm sales has steadily increased over the years as the specialty products component has taken off. Twenty-five years ago, crops generated 69 percent of gross sales. Livestock (mainly dairy products, cattle, and miscellaneous animal products)

contributed the remaining 31 percent. By 2005, crops' contribution had jumped to 89 percent of total sales, while every component of livestock saw its share decline. During the same time, the specialty products component went from generating 33 percent to 64 percent of total agricultural sales.

Harvested Acres

Of the Portland area's 252,700 acres harvested in 2005, 40 percent were devoted to grass and legume seeds (e.g., bluegrass, clover, and ryegrass). The second-largest crop group was hay and forage (27%), followed by grains (10%). The remaining acreage was planted in vegetables, small fruits and berries, field crops (e.g., potatoes, vegetable and flower seed) and specialty products (e.g., Christmas trees).

The agricultural landscape has changed quite a bit in the past 25 years. The number of acres devoted to raising crops has declined sharply (-62,800; -25%) as the region's population has exploded (+539,000; +47%). At the same time, the mix of crops has changed. In 1980, almost half of the area's farmland was planted in grains such as wheat. In 2005, just 10 percent was devoted to grains. Nowadays, the largest field crop is grass and legume seeds, its land area nearly doubling since 1980 to over 100,000 acres.

For more information on specific regions, visit www.QualityInfo.org, select "Regions" from the list on the screen's left, then choose an area on the map or from the drop-down list under the map.

Portland Metro Area Claims to Fame

- Ninety percent of the state's black raspberries are grown here.
- The state's entire beet crop is grown in the Portland metro area.
- Half of the state's hazelnut crop is grown here, too.
- Clackamas County is Oregon's second-largest producer of chicken eggs, generating almost half of the state's total value.
- More than three-quarters of Oregon's walnuts are grown in Washington and Yamhill counties.
- Clackamas County has the state's largest area – 1,670 acres – devoted to growing Christmas trees.
- Yamhill County is the state's largest producer of wine grapes, with Polk and Washington counties a distant second and third place, respectively.

Oregon Current Labor Force and Industry Employment

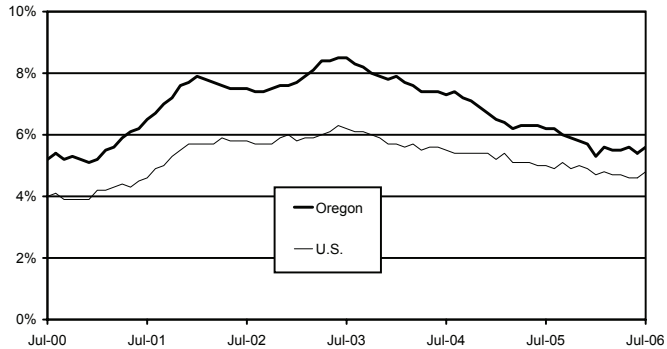
	July 2006	June 2006	July 2005	Change From June 2006	Change From July 2005
Labor Force Status					
Civilian labor force	1,908,641	1,903,606	1,881,046	5,035	27,595
Unemployed	101,864	103,495	114,047	-1,631	-12,183
Unemployment rate	5.3	5.4	6.1	-0.1	-0.8
Unemployment rate, seasonally adjusted	5.6	5.4	6.2	0.2	-0.6
Employed	1,806,777	1,800,111	1,766,999	6,666	39,778
Nonfarm Payroll Employment					
Total nonfarm payroll employment	1,706,800	1,725,500	1,655,800	-18,700	51,000
Total private	1,440,900	1,428,900	1,389,700	12,000	51,200
Natural resources and mining	9,900	9,500	10,100	400	-200
Construction	103,900	101,800	95,300	2,100	8,600
Manufacturing	214,200	211,800	208,900	2,400	5,300
Durable goods	157,500	157,300	153,100	200	4,400
Nondurable goods	56,700	54,500	55,800	2,200	900
Trade, transportation, and utilities	339,300	336,300	329,500	3,000	9,800
Wholesale trade	80,900	79,800	79,000	1,100	1,900
Retail trade	201,300	199,600	194,000	1,700	7,300
Transportation, warehousing, and utilities	57,100	56,900	56,500	200	600
Information	33,600	33,800	33,800	-200	-200
Financial activities	108,100	107,200	104,300	900	3,800
Professional and business services	197,100	196,000	187,000	1,100	10,100
Professional and technical services	71,300	70,600	65,400	700	5,900
Management of companies and enterprises	27,200	27,000	26,500	200	700
Administrative and waste services	98,600	98,400	95,100	200	3,500
Administrative and support services	91,700	91,600	91,500	100	200
Educational and health services	202,200	203,800	195,000	-1,600	7,200
Educational services	25,700	26,200	22,900	-500	2,800
Health care and social assistance	176,500	177,600	172,100	-1,100	4,400
Leisure and hospitality	172,600	168,800	167,800	3,800	4,800
Other services	60,000	59,900	58,000	100	2,000
Government	265,900	296,600	266,100	-30,700	-200
Federal government	29,900	29,900	30,700	0	-800
State government	73,000	79,000	72,700	-6,000	300
State education	23,300	29,000	23,800	-5,700	-500
Local government	163,000	187,700	162,700	-24,700	300
Local education	74,700	100,600	74,800	-25,900	-100
Labor-management disputes	0	0	0	0	0

The most recent month is preliminary, the prior month is revised. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Labor Force Status: Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. Unemployment rate is calculated by dividing unemployed by civilian labor force. Nonfarm Payroll Employment: Data are by place of work and cover full- and part-time employees who worked or received pay for the pay period that includes the 12th of the month. The data exclude the self-employed, volunteers, unpaid family workers, and domestics.

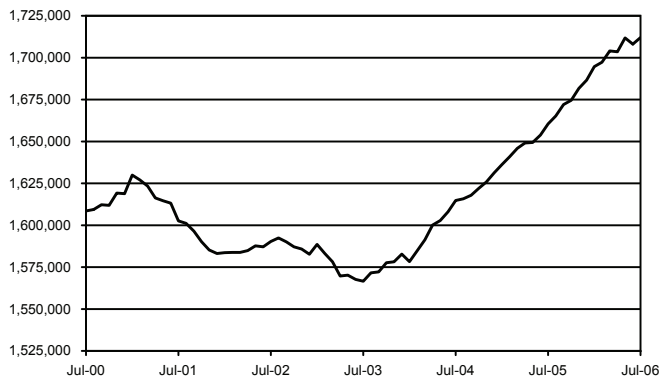
Unemployment Rates

Unemployment Rates Stable in July
Oregon and U.S., Seasonally Adjusted



Total Nonfarm Payroll Employment

Job Growth Slows Over Past Four Months
Nonfarm Payroll Employment, Seasonally Adjusted



Indicators

Unemployment Rate (Seasonally adjusted)

	Oregon	U.S.
July 2006	5.6	4.8
June 2006	5.4	4.6
July 2005	6.2	5.0

Seasonally Adjusted Employment (Total Nonfarm Payroll Jobs)

	Oregon	U.S.
July 2006	1,712,000	135,354,000
June 2006	1,708,100	135,241,000
July 2005	1,660,500	133,617,000
Change From Dec. 2005	51,500	1,737,000
% Change	3.1%	1.3%

Consumer Price Index (CPI)

(All urban consumers, 1982-84=100)

Port.-Sale, OR-WA	Index	Yearly Change
Jan-June 2006	199.8	2.7%
Annual Average 2005	196.0	2.6%
United States		
July 2006	203.5	4.1%
Annual Average 2005	195.3	3.4%



OREGON LABOR TRENDS

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