

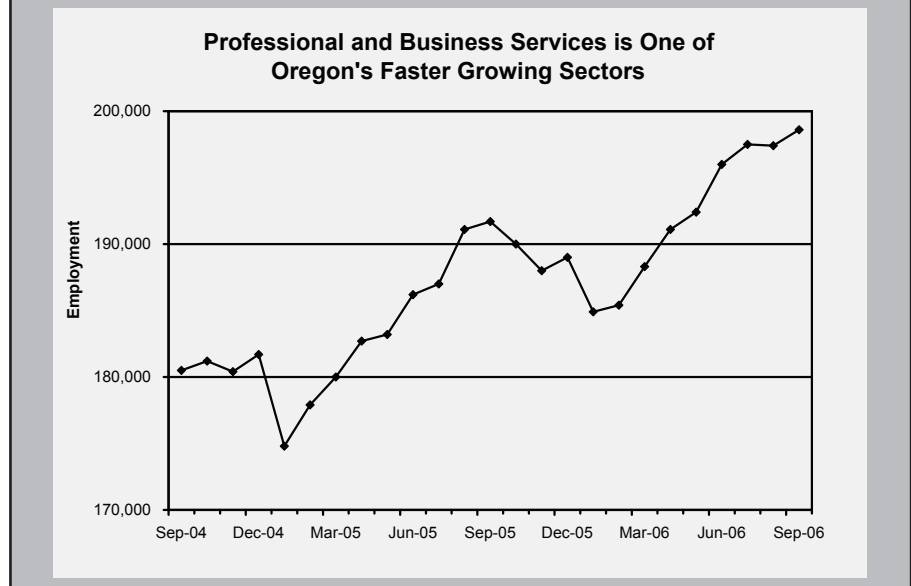
Employment Grows as Autumn Begins

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Oregon's seasonally adjusted unemployment rate in September was essentially unchanged at 5.4 percent from 5.5 percent in August. The state's unemployment rate has been stable this year, staying between 5.3 percent and 5.6 percent for the first nine months. The U.S. unemployment rate was 4.6 percent in September, about the same as during the past nine months when it ranged between 4.6 percent and 4.8 percent.

Oregon's total nonfarm payroll employment rose by 13,800 jobs in September. This was 3,900 more than expected from seasonal trends alone. Several sectors exceeded their typical seasonal job levels, notably professional and business services and government. The state continued its long-term employment uptrend; September's total nonfarm payroll employment exceeded the prior year's level by 49,300 jobs.

Graph 1



Professional and Business Services Bounce Back

Professional and business services added 1,200 jobs at a time of year when a loss of 1,200 would be typical. This strong performance more than made up for a weak showing in August. The sector has grown faster than the statewide economy, with employment up 6,900 jobs since September 2005 (Graph 1). This rapid growth was led by architectural and engineering services, which added 1,800 jobs in that time, and employment services, which added 1,600.

Recent news items lent some anecdotal support to the employment survey's findings. Vertebrae, an off-site data backup and online storage company, opened in Rogue River. On Time Systems Inc., a Eugene software developer, was awarded a \$1.4-million contract by the U.S. Air Force to develop a prototype air-fleet management tool. It was also awarded a \$1.4-million contract with the U.S. Navy.

School is in Session

Government showed the largest job gains of any major industry. Local government education added 16,800 jobs in September as the school year started at most elementary schools and community colleges. Summer employment levels were elevated this year compared to last. Employment climbed by 6,300 jobs in local government education this September compared with September 2005. Meanwhile, state government employment was about the same as in the prior year, with employment up by only 200 jobs in the past 12 months. Federal government cut 500 jobs in that time.

Manufacturing Delays Seasonal Declines

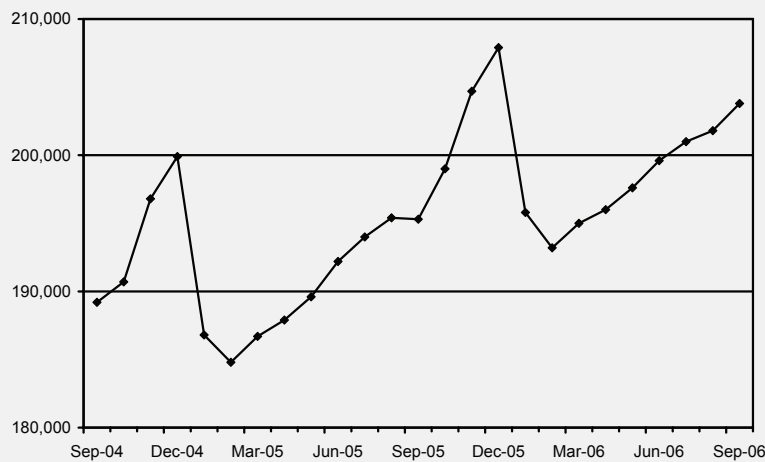
Manufacturing employment was flat in September at a time of year when it would normally decline by 800 jobs due to seasonal factors such as food processing winding down after the summer harvests. This year, food

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Graph 2

Retail Trade Showing Long-term Job Growth



manufacturing countered its normal trend by adding 300 jobs in September and was up 400 jobs from its year-ago figure.

Several durable goods industries posted job cuts for the month, including computer and electronic product manufacturing (-400 jobs). Transportation equipment manufacturing cut 300 jobs, bringing its employment to 19,200. Despite the drop in September, transportation equipment has expanded rapidly the past three years after a protracted slump from 2001 through 2003. Prior to that, peak employment was reached in March 2000, when the industry employed 19,700. This peak employment level was matched in June and July 2006.

Media reports for manufacturing were varied in September. Construction began on an engineered wood products plant at the site of the former Murphy plywood mill in Sutherlin. It was expected to be completed by November 2007 and then to employ 100 people. Intel announced plans to cut 10,500 positions worldwide by mid-2007. Oregon's largest private employer indicated job cuts would occur in management, marketing, and information technology. Weyerhaeuser announced layoffs for 60 workers at the soon-to-be closed Lebanon

Trade, transportation, and utilities grew rapidly during this economic expansion.

Lumber mill. Weyerhaeuser said a new mill would be built at its Bauman Mill site between Lebanon and Sweet Home in early 2008. Finally, Precision Castparts Corp. revealed plans to hire 400 people as it prepared to expand or build new manufacturing plants in northern Clackamas County.

Trade Employment Grows

Trade, transportation, and utilities grew rapidly during this economic expansion. The industry added 1,100 jobs in September, when only 400 would be expected due to seasonal factors.

Retail trade had a decent month despite record-high gasoline prices siphoning off consumer discretionary income. Retail added 2,000 jobs in September and was up 8,500 in the past 12 months (Graph 2). A major growth driver was the logistical build-out of large national chain stores in many retail sectors.

Summary

Oregon's economy added 13,800 jobs due to unseasonably strong employment in several sectors. Statewide nonfarm payroll employment continued to grow overall. Compared to September 2005 it was up 49,300 jobs. The

September Unemployment Rates

(Preliminary; not seasonally adjusted)

United States	4.4
Oregon	4.8

Counties

Harney	6.7
Douglas	6.6
Coos	5.8
Linn	5.8
Josephine	5.6
Baker	5.5
Grant	5.5
Klamath	5.5
Morrow	5.5
Lake	5.3
Umatilla	5.3
Lincoln	5.2
Columbia	5.1
Curry	5.1
Lane	5.1
Wasco	5.1
Multnomah	5.0
Union	5.0
Marion	4.9
Jefferson	4.8
Sherman	4.8
Jackson	4.7
Yamhill	4.7
Malheur	4.6
Tillamook	4.6
Wheeler	4.6
Wallowa	4.5
Benton	4.4
Clackamas	4.4
Crook	4.4
Polk	4.4
Clatsop	4.2
Washington	4.2
Gilliam	4.0
Hood River	3.8
Deschutes	3.7

state seasonally adjusted unemployment rate continued its steady pattern for 2006, coming in at 5.4 in September from 5.5 percent in August. ■

Veterans Day Originated as Armistice Day on November 11, 1918

Its purpose: to commemorate the end of World War I. First proclaimed by Congress in 1926, and each year thereafter, Armistice Day became Veterans Day in 1954 as a result of legislation signed by President Dwight D. Eisenhower. The name was changed to honor all who served the nation in wars or conflicts. Veterans Day has been observed annually on Nov. 11 since 1978, except for a brief period when it was celebrated on the fourth Monday of October.

350,365 - The number of military veterans in Oregon	24,876 - The number of Oregon veterans who are women
132,438 - The number of veterans in Oregon who are age 65 or older	7,358 - The number of Oregon's Hispanic veterans
4,555 - The number of Oregon's black veterans	4,204 - The number of Oregon's American Indian and Alaskan veterans
3,153 - The number of Oregon's Asian veterans	129,985 - Number of Vietnam-era veterans in Oregon
37 percent - The number of Oregon's veterans who served in Vietnam – and the largest share of any service period	54,307 or 16 percent - The number of Oregon veterans who served in World War II – and the second-largest share of wartime veterans
99,854 - The number of Oregon veterans with some disability	



Holidays Bring Gift of Employment to Many

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What's the holiday job outlook for Oregon this winter? Recent employment statistics likely give jobseekers a reason for optimism.

Oregon's seasonally adjusted payroll employment rose by 3,900 jobs in September. The gain of 3,900 jobs was roughly in line with the average gains of 4,100 jobs per month so far this year.

The unemployment rate for Oregon improved – all of the state's 36 counties had rates lower than in September 2005. Only two counties had an over-the-year decline of at least 1 percentage point.

These trends could lead to opportunities for those seeking work in Oregon's winter seasonal industries. But they could mean greater difficulty for employers seeking holiday help.

Many businesses hire extra workers to deal with the increased workload the winter holiday season brings.

Employment in Oregon generally decreases in the winter and increases in the summer. However, three industries see an increase in employment every year during the holiday season. Retail firms hire more workers to accommodate gift buyers. Courier and messenger firms hire temporary seasonal workers to help with the added workload of delivering holiday cards and gifts. Oregon's tourism industry does brisk business catering to visitors who are drawn here. Part of the attraction – especially in winter – is the state's world-class ski resorts. Tourism is composed primarily of two segments: hospitality and leisure and passenger transport.

Retail

"Over the last 10 years, the average percentage increase in sales for the holiday season is 4.6 percent," ac-

ording to the National Retail Federation. "One-fifth of retail industry sales (19.9%) occur during the holiday season, making it the most important time period of the year for the industry."

The National Retail Federation defines holiday retail sales as retail industry sales that occur in November and December. Retail industry sales comprise most traditional retail categories including discounters, department stores, grocery stores, and specialty stores. They exclude sales at automotive dealerships, gas stations, and restaurants.

"U.S. holiday consumer spending is expected to increase 5.0 percent over last year's holiday spending," according to a September 2006 National Retail Federation news release.

Oregon employment trends over the past few years show the retail industry regularly added thousands of jobs between October and December. In the late 1990s, retail added 13,000 to 14,000 jobs between September and

December. Seasonal hiring slipped to 9,100 in 2001 as the recession took hold. Since then, retailers have added about 10,000 jobs each holiday season; 2005 showed a gain of 11,500.

Nonstore retail is part of the retail industry that includes Internet and catalog sales, TV shopping channels, Internet auctions, and various direct-sales businesses. Nonstore retailers posted a strong gain of 900 jobs in December 2005 to reach 10,500 jobs (Graph 1). That was close to its prerecession record level. This sector grew by 12 percent over the past year – bucking national trends that show a 0.8 percent decline. Oregon has a slightly larger concentration of nonstore retail employment than the nation. Harry and David of Medford, for example, hire many holiday employees to handle telephone, Internet, and catalog sales.

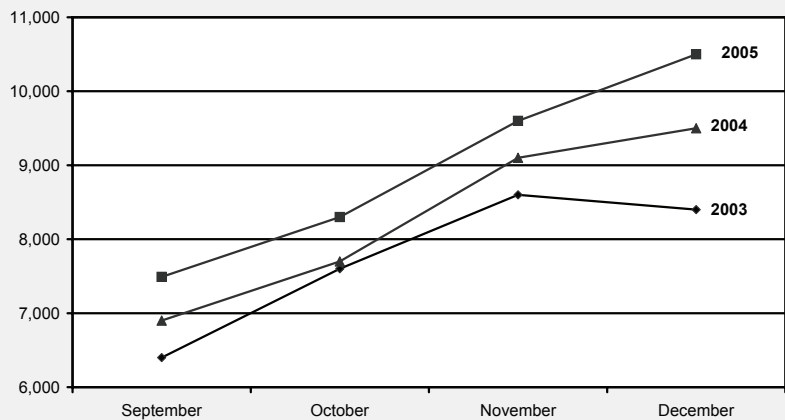
Couriers and Messengers

We can't always deliver holiday gifts to our loved ones. The U.S. Postal Service and private delivery services are there to help. An increase in Internet gift buying has prompted record-breaking holiday hiring in public and private delivery services during the past three holiday seasons.

Between Thanksgiving and Christmas 2005, the postal service handled more than 670 million pieces of mail daily nationwide. The busiest delivery day was Tuesday, Dec. 19, when postal employees delivered a peak of 900 million cards, letters, and packages. UPS, the largest private delivery service in the United States, delivered up to 20 million pieces a day during the height

Graph 1

Holiday Employment for Nonstore Retailers in Oregon has Grown Over the Past Three Years



of the 2005 holiday season. UPS hired 60,000 seasonal employees nationwide to handle the extra work; the U.S. Postal Service hired 7,500.

Tourism

Employment in the amusement, gambling, and recreation sector typically increases every winter between November and January. Though the industry has seen modest growth over the past five years, its holiday seasons have strengthened. Ski resorts and other tourism-related businesses add the most noticeable increase in winter employment.

Statewide, ski area operators reported a record number of visitors in 2005-06, according to the Pacific Northwest Ski Areas Association. Mt. Bachelor had its second-best season ever, with 590,000 visitors. Hoodoo's Mountain

Resort also saw near-record numbers with 88,000 visitors for the season.

Finding Holiday Employment

Holiday indicators point to a positive job market – and that's good news for Oregonians looking for seasonal work.

Those who want seasonal employment should target the seasonal industries most common in their areas and be prepared to demonstrate customer service skills, enthusiasm, and work ethic. Some of the customary jobs associated with holiday hiring are listed by industry in Table 1.

WorkSource Oregon Employment Department has offices throughout the state to help businesses and job seekers with seasonal employment needs. Call the nearest office or visit www.WorkingInOregon.org. ■

Table 1

Common Occupations Associated with Holiday Hiring

<u>Retail</u>	<u>Courier and Postal Transport</u>	<u>Hospitality and Leisure</u>	<u>Passenger Transport</u>
Retail salespersons	Truck drivers, light delivery	Attendants, amusement	Travel and reservation clerks
Cashiers	Laborers, stock, freight	Workers, groundskeeping	Transport attendants
Stock clerks	Material movers, hand	Workers, landscaping	Cargo and freight agents
Order fillers	Couriers and messengers	Fitness and aerobic trainers	Cleaners of vehicles and equip.
First-line supervisors, retail	Truck drivers, heavy	Waiters, waitresses	Material moving workers
	Operators and tenders, conveyor	Cashiers	Transportation workers, other
<u>Nonstore Retail</u>	Order clerks	Bartenders	
Customer service	Customer service	Front desk clerks, hotel, resort	
Telemarketers	Supervisors, customer service	Housekeepers and maids	
Order clerks		Baggage helpers and bellhops	

Structural Employment Changes in Rural Oregon Over Past 25 Years

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Introduction

Rural communities in Oregon experienced a fundamental change in industry employment over the past 25 years. Some communities benefited from these changes – at least in terms of employment and wages. Many did not. In most cases, changes had both positive and negative effects on communities.

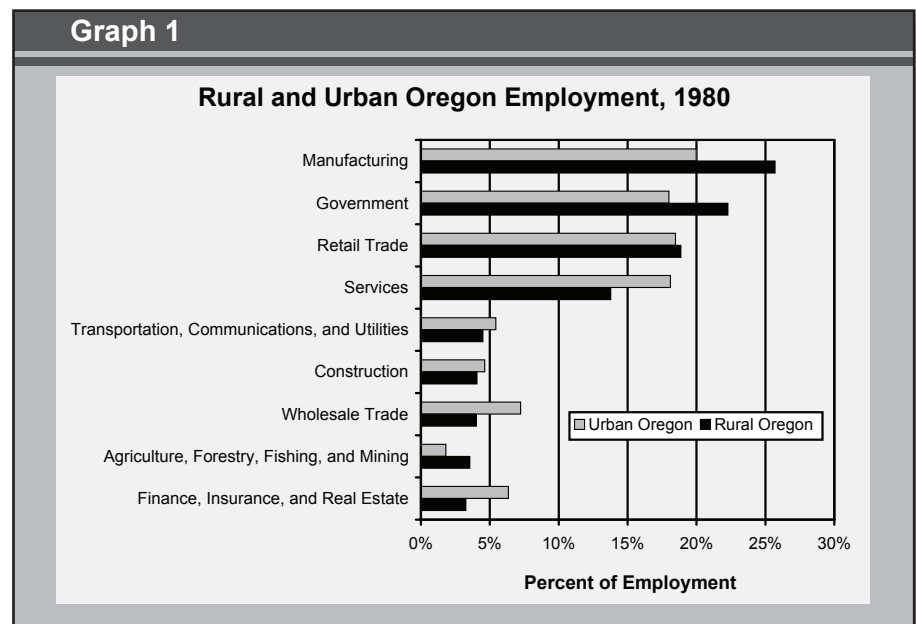
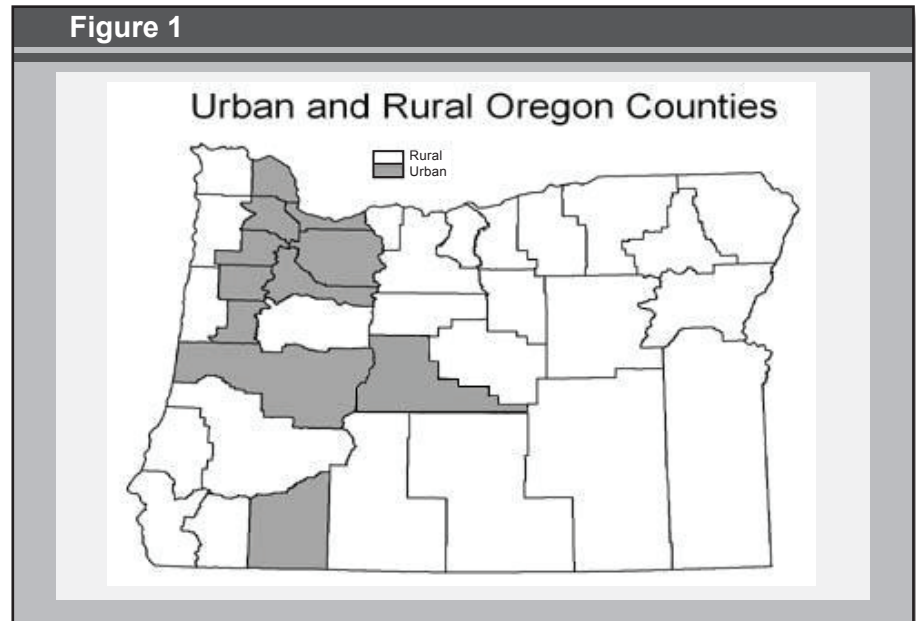
Rural towns near larger cities generally fared better than more isolated communities. Tualatin, Wilsonville, and Troutdale, for example, saw their populations and employment more than double over the past 25 years due to their proximity to Portland. Meanwhile, places such as Myrtle Point, Burns, and Oakridge experienced declines in population and employment due to industry changes and isolated locations.

In almost all cases, the single biggest factor of structural employment change in rural communities was decreased employment in manufacturing of local natural resources like wood and food.

What is Rural Oregon?

Rural Oregon needs to be defined to analyze available labor market information. A detailed definition would include those counties and towns considered rural as defined by certain population levels. Unfortunately, it is difficult to obtain accurate employment data for the state’s small towns and unincorporated areas. A more feasible way to define rural Oregon is to separate counties as rural or urban. All urban counties include rural towns – and that makes the data easier to analyze.

This article defines an urban county as one that comprises part of a metropolitan statistical area (MSA) as defined by the Bureau of Labor Statistics. There are six MSAs in Oregon. They include the counties of Multnomah, Washington, Clackamas, Columbia,



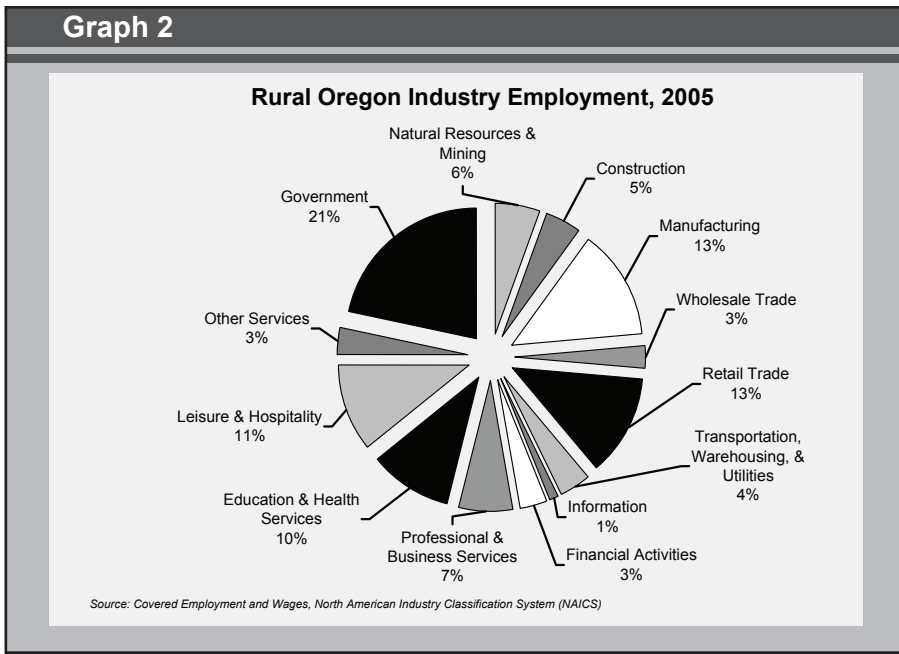
Yamhill, Deschutes, Marion, Polk, Benton, Lane, and Jackson (Figure 1).

Employment in Rural Oregon: 1980

Graph 1 shows jobs covered by unemployment insurance in rural and urban Oregon in 1980. Most employment in rural economies was found in four main industries: manufacturing, government, retail trade, and services. Health services and hotels and other lodging comprised more than 50 percent of employment in the services sector.

Within manufacturing, the largest industries of employment were lumber and wood products, food and kindred products, primary metal industries, and paper and allied products. Lumber, wood, and paper products flourished due to Oregon’s abundant resource of trees. Primary metal industries prospered due to inexpensive electricity produced by Oregon’s hydropower plants on the Columbia River. Food products were manufactured from rural Oregon’s crops, livestock, and fish. All told, manufacturing provided

Graph 2



57,684 jobs that paid an inflation-adjusted average wage of \$44,645 for rural Oregonians in 1980.

Compared to urban Oregon, rural Oregon was more dependent on manufacturing, government, and agriculture, forestry, fishing, and mining. It was weaker in industries associated with urban areas like finance, wholesale trade, and business services. Both manufacturing and government paid above-average wages per worker, but rural Oregon had smaller percentages of other high-paying industries than did urban areas.

Structural Employment Change Between 1980 and 2005

Because of a change in industry classification systems in 2001, comparing current data with 1980 presents problems. Of the four main industries of employment in rural Oregon in 1980, the service sector was the only industry that changed a lot. Manufacturing, government, and retail trade are essentially the same. Logging, which was included in lumber and wood product manufacturing, was also moved into natural resources.

Graph 2 shows what employment looked like in 2005. The single biggest

The biggest change in rural Oregon employment between 1980 and 2005 was the decline of manufacturing.

change in rural Oregon employment between 1980 and 2005 was the decline of manufacturing – especially in lumber and wood products. Manufacturing in rural Oregon as a percentage of employment was cut in half in only 25 years. It fell to

13 percent last year from 26 percent in 1980. The loss of these high-paying jobs lowered wages and employment in many rural communities. Graph 3 shows employment change of the four

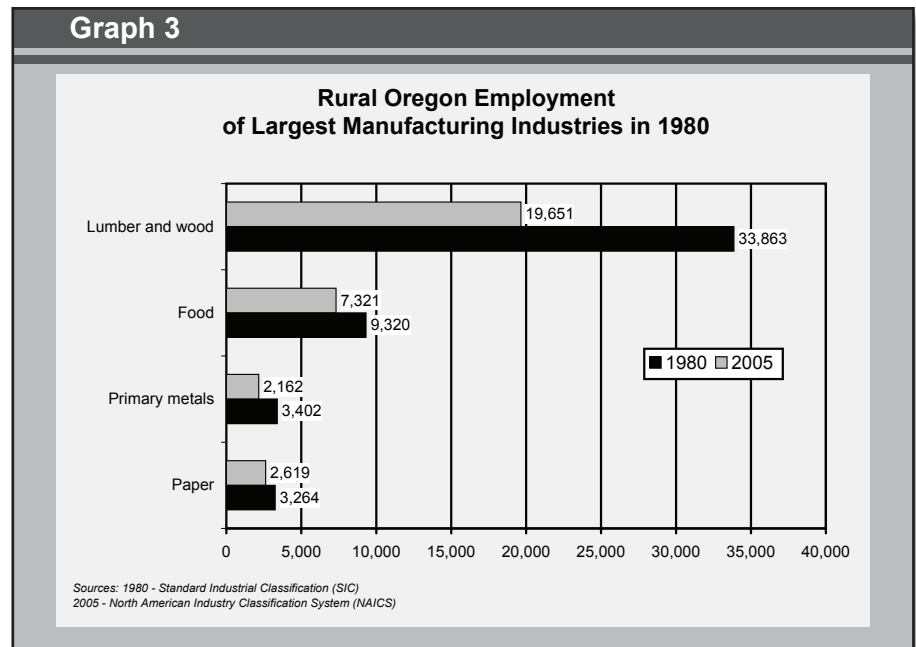
main rural manufacturing sectors from 1980 to 2005.

Employment in natural resources and mining actually increased as a percentage of employment in 2005. This is due to the continuing strength of Oregon’s agricultural economy. The addition of logging to this industry also strengthened employment, but was minor compared to employment growth in agricultural crops. Wages in agriculture, however, are lower than average. Rural Oregon employment in natural resources and mining increased by 117 percent between 1980 and 2005. Despite the growth in agriculture, food manufacturing employment declined due to improved productivity, mechanization, and import competition.

The service sector saw the largest increase in employment in rural Oregon over the past 25 years. In 1980 it made up only 14 percent of those areas’ employment. In 2005, the service sector was about one-third of total employment. In only 25 years, employment in the service sector more than doubled as a percentage of employment in rural Oregon.

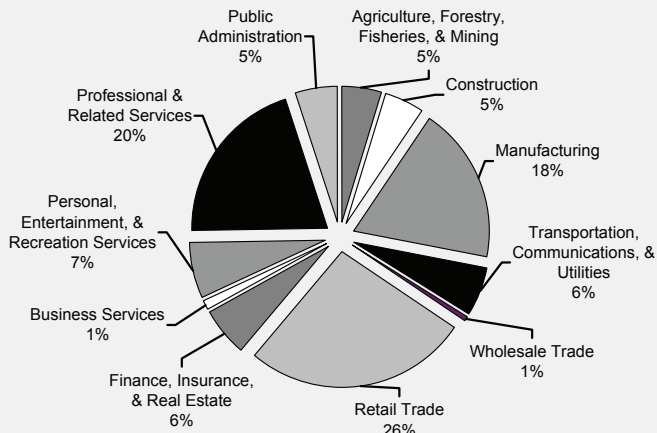
While some industries within the service sector – including health services – pay better than average, the service sector as a whole pays below-average wages. This increase in service-sector jobs, coupled with the loss of higher-paying manufacturing

Graph 3



Graph 4

Florence Industry Employment, 1980



Source: U.S. Census Bureau

jobs, led to a growing wage gap between rural and urban Oregon.

“The pay gap between Oregon’s metropolitan and rural counties has widened considerably since 1976,” according to Dallas Fridley, regional employment economist for the mid-Columbia Basin. “Back then, metro pay per worker was about \$2,100 higher than the average in rural counties after adjusting for inflation to 2005 dollars. By 2005, the gap between metro and rural pay grew to more than \$10,200.”

Causes of Structural Change in Rural Oregon

Lumber and wood products manufacturing employment declined in Oregon due to three key factors. The first was the drastic reduction of logging on federal lands in the 1990s as a result of new protections for the spotted owl, marbled murrelet, and various salmon, trout, and steelhead. During the 1990s, the federal share of Oregon’s timber harvest fell from more than 50 percent of the harvest to 5 percent in 2001. Nine percent of timber harvested in Oregon in 2005 came from federal lands.

The second factor that decreased employment was the continued mechanization and modernization of sawmills and other wood manufacturing plants.

Increased international competition put the squeeze on Oregon manufacturers.

Even if the spotted owl reductions hadn’t happened, job loss would have occurred due to improved efficiencies in manufacturing.

The third factor was increased international competition. Increased

wood production and manufacturing from places like Canada, Russia, Southeast Asia, and South America put the squeeze on wood product prices – and on Oregon manufacturers.

The situation with the spotted owl and other endangered and threatened species specifically hurt lumber and wood products manufacturing. But the other two factors, increased efficiencies and competition, decreased employment in other manufacturing industries in rural Oregon as well. Food, primary metals, and paper manufacturers all faced increasing pressure to become more efficient and competitive in the face of increasing international competition.

The increase in service-sector employment in rural Oregon lowered average wages in many communities. At the same time, prices for food, energy, and housing rose. Rural communities have become less attractive to younger workers and families due to a lack of family-wage job opportunities. The result is older rural communities that do not have sufficient workforces

to attract large, well-paying employers but that continue to have a demand for services. Demand for service jobs also increases when rural communities attract tourism or retirees. When rural communities gain jobs in service industries that do pay well, like professional and health services, employers are often forced to recruit workers from outside of the community because there are too few qualified workers locally.

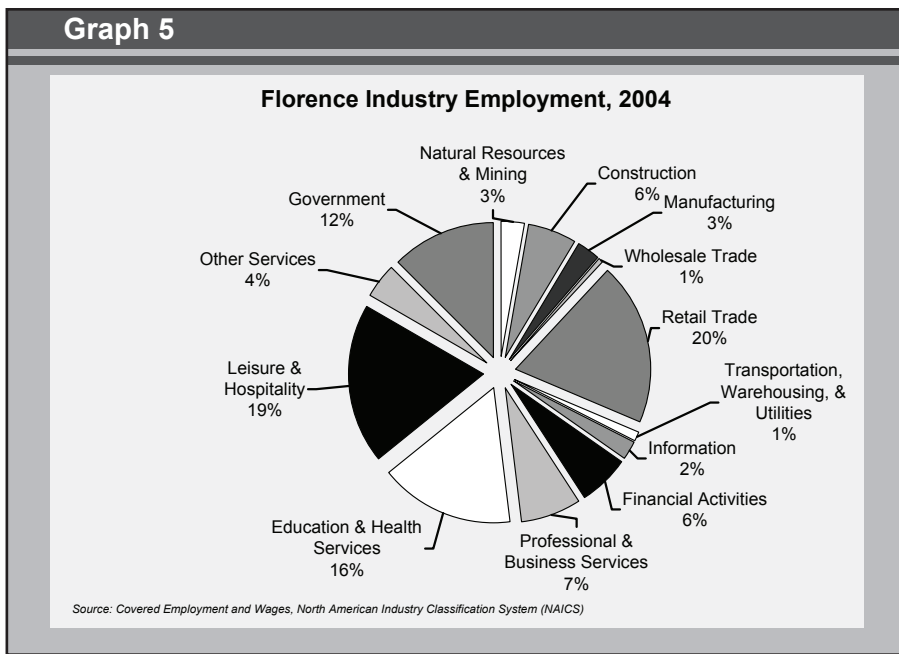
A Community in Transition: Florence

Florence is a rural coastal community in western Lane County at the mouth of the Siuslaw River. Despite being rural, Florence is in an urban county that includes the Eugene-Springfield metro area in the southern Willamette Valley. Florence, which has 8,185 residents, experienced dramatic structural employment change between 1980 and 2004.

Historical employment data is challenging to find for small communities. In the case of Florence, 1980 data is available from the Census (Graph 4). The most recent employment data gathered from employers’ unemployment insurance tax records (covered employment) is for 2004 (Graph 5). Unfortunately, the industry definitions of the two data sets are slightly different, making comparison difficult. Much of the government employment is melded with private employment in the 1980 Census data. For example, public school teachers account for a large percentage of the employment in the professional and related services industry in the 1980 Census data. Those same teachers are included in the government industry in the 2004 covered employment data. However, it’s possible to make reasonable comparisons between major industries that lack much government employment – such as manufacturing – between 1980 and 2004.

Graph 4 shows about two-thirds of employment in Florence in 1980 was in three industries: retail trade, manufacturing, and professional and related services. Most coastal communities have a high percentage of retail trade due to tourism. Manufacturing in Florence was based on wood products.

Graph 5



Graph 5 shows employment in Florence in 2004. Manufacturing all but disappeared in Florence by 2004. It comprised only 3 percent of employment compared to 18 percent in 1980. Transportation and warehousing jobs also fell substantially since many of these businesses complemented lumber and wood products. Employment in natural resources was cut almost in half by 2004 due to logging and fishing reductions. As in the rest of rural Oregon, employment in the service sector as a percentage of employment increased the most.

Health services employment grew, but local employers still have trouble finding and keeping workers. "It's really hard to retain our medical personnel unless both spouses work," says K.C. Short, a vice president of Oregon Pacific Bank and vice president of the Florence Area Chamber of Commerce.

Due to Florence's limited employment opportunities for professionals and managers, it can be difficult to find work for spouses of medical professionals who are being recruited to work in Florence.

Julie Knox, executive director of the Florence Area Chamber of Commerce, says her job and the focus of the chamber changed a lot over the past five years.

"When I started here five years ago, my focus was to promote tourism," Knox says. Now Florence has lots of tourism and has gained popularity with retirees who have flocked there in droves.

"Most of our retirees are moving from the Portland area, the Bay Area, and southern California," says Short.

Florence's population increased 86 percent between 1980 and 2005 compared to the statewide increase of 38 percent. This rapid population growth – and the recent housing boom – pushed home prices up further and further in Florence. This squeezed low income workers.

"You basically have to have a spouse who works to afford a home (in Florence)," says Short.

The median sale price for homes in the greater Florence area in the second

quarter of 2006 was \$233,579, according to Tawfik Ahdab, a real estate market analyst with Pacific Valuation Group. This was higher than the second quarter 2006 median sale price of \$225,000 in greater Lane County. Meanwhile, the average worker in Florence annually earns around \$6,000 less than the average worker in Lane County. This gap in wages and housing prices is not unique to Florence. The problem is pronounced in rural communities that are popular recreation or retirement sites. It's an unintended consequence of increased tourism and retirees from wealthier areas.

Conclusion

Most rural communities in Oregon were founded on natural resource industries. When it doesn't pay to farm, fish, and log anymore, rural families are faced with hard decisions. Classical economists might argue that if workers can't find work in one location they should move on to another where they can. Many families have left.

Rural communities have struggled to replace the high-paying jobs that vanished between 1980 and 2005. Some have succeeded in attracting new businesses that pay well. However, communities like Florence have seen their population increase due to tourism and retirement – jobs have been created, but they pay less.

"We had a retreat for chamber members and asked them what their major concerns were," Short said. "They said number one was workforce housing. Number two was training and retaining qualified employees. We've got to take care of our service people." ■

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Over-the-Year Job Growth Mixed in Oregon's Metropolitan Areas

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- Between August 2005 and August 2006, national employment grew by 1.3 percent. Oregon gained 51,200 jobs or 3.1 percent – the eighth-highest growth rate in the nation.
- Bend was the fastest-growing metro area with 4.1 percent growth; it added 2,720 jobs. The Portland metro area added 23,600 jobs in the past year and had the second-highest growth rate over the year.
- Corvallis, which lost 730 jobs, had the only metro-area employment decrease over the year.
- With the exception of Corvallis, the areas with the highest job growth rates also have the lowest unemployment rates. In Corvallis, the dwindling labor force kept the unemployment rate down over the year.

August 2006		
	Over the Year Job Growth*	Unemployment Rate*
Oregon	3.1%	5.2%
Bend	4.1%	3.9%
Portland	2.4%	5.2%
Salem	1.5%	5.3%
Eugene	1.4%	5.5%
Medford	1.4%	5.5%
Corvallis	-2.0%	4.8%

*Source data not seasonally adjusted



Hurricane Katrina May Hold Lessons for Oregon

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In August 2005, Oregon's largest urban area, the Portland-Vancouver-Beaverton metropolitan statistical area (MSA), had 982,000 jobs. One month later it had 987,200 – a gain of 5,200. Thousands of miles to the southeast, in Louisiana, the New Orleans-Metairie-Kenner MSA had 610,200 jobs in August 2005. One month later, after Hurricane Katrina, it had only 405,500 jobs – a loss of 204,700 (Graph 1).

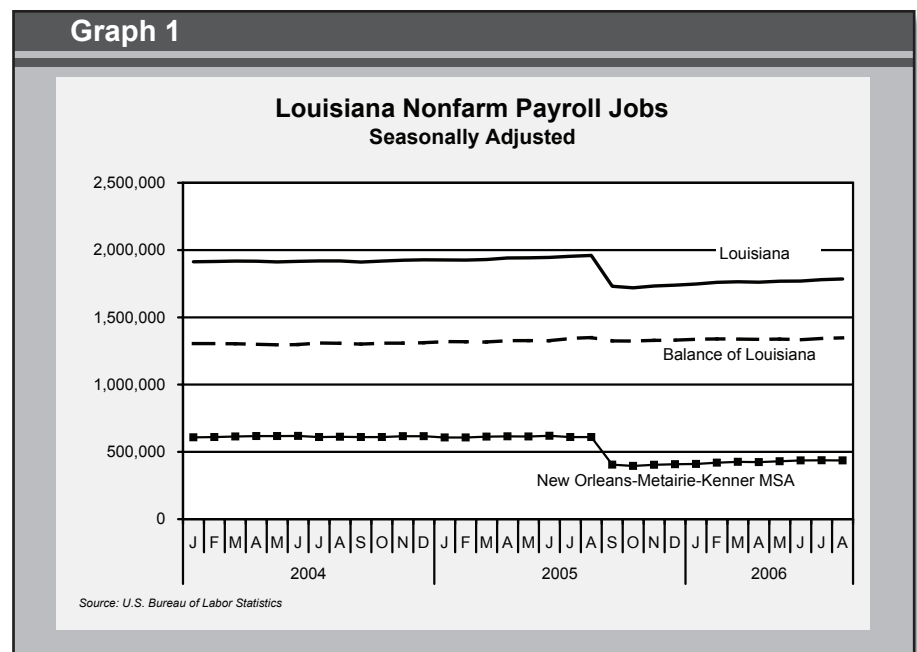
Western Oregon's danger is a massive earthquake, say geologists, rather than a major hurricane. Violent and sustained ground shaking beneath Western Oregon's urban areas could cause widespread destruction. Despite the difference in source of destruction, we may be able to learn something about the possible employment effects of a catastrophic earthquake in Western Oregon by looking at the impacts of last year's widespread destruction along the Gulf Coast.

New Orleans Loses One-Third of Its Jobs

Only one major industry in the New Orleans-Metairie-Kenner MSA – mining – registered a job gain the month after the hurricane. This exception probably stems from the effort to repair the damage to the oil rigs in the Gulf of Mexico. Bureau of Labor Statistics (BLS)

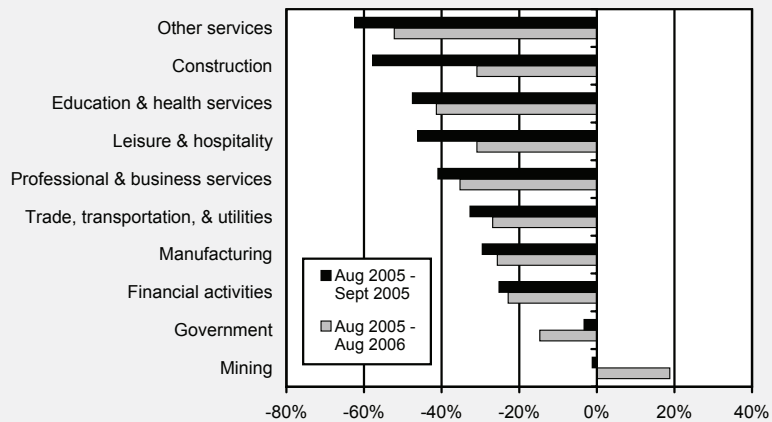
reports show all other major industries lost jobs in the aftermath of the storm (Graph 2). Total nonfarm payroll employment dropped by one-third, more so in the private sector (-39%) than in government (-5%).

Construction jobs dropped by 57 percent, manufacturing by 30 percent, and



Graph 2

Percent Change in Employment
New Orleans-Metairie-Kenner MSA, Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

retail trade by 40 percent. By August 2006, construction had regained more than 8,000 jobs, leaving the industry about 30 percent below its year-ago level. Most industries lost one-quarter to two-thirds of their jobs immediately after the storm. Food and beverage retail stores lost four-fifths of their jobs but have since reduced that loss to two-thirds.

A few industries saw only very small job losses. Oil and gas extraction, a subset of mining, lost only about 6 percent of its jobs. Both petroleum and coal products manufacturing (refining) and chemical manufacturing appeared to be essentially unchanged by the hurricane. The utilities industry had very small job losses following the storm. Government had initial job losses of about 5 percent, but those losses worsened to about 15 percent in recent months.

These data suggest a major natural disaster in Oregon could cause a large and long-lasting loss of employment within the immediate area of the catastrophe.

Balance of Louisiana Shows Resilience

As seen in Graph 1, the level and trend in employment in Louisiana outside of the New Orleans-Metairie-Kenner MSA was largely unaffected by the devastation there. Between June 2004 and June 2005, employment in the balance

of Louisiana grew by 2.2 percent. Jobs then surged almost 2 percent in July and August, but this surge appears unrelated to the region's long-term growth trend.

The September 2005 employment level – immediately following the storm – was 25,000 or 1.9 percent lower than the unusually high August level. A downturn of 1.9 percent is painful, especially coming so quickly but it is substantially smaller than downturns associated with most recent recessions in Oregon. Also, the decline in the balance of Louisiana was from a short-term surge, not from a long-standing employment level. Instead, September employment was only 1,300 jobs lower than the region's more normal June level before the unusual job gains in July and August.

Following the storm, the region's employment grew at an average annual rate of 1.9 percent, just a bit slower than before the storm. If not for the unusually high employment levels in July and August, the region's employment trends would indicate no worse than a pause in employment growth from June to September 2005.

The implications for Oregon are complicated by the fact that the New Orleans-Metairie-Kenner MSA accounted for only 31 percent of Louisiana's employment prior to the storm. If a major earthquake hit Oregon, geologists say it would probably hit Western

Oregon and could inflict damage far enough inland to reach the location of the majority of the state's employment. It is possible that the share of Oregon's employment in areas directly affected by such an earthquake could be substantially greater than 31 percent. Nevertheless, it is also possible that portions of the state's economy outside of the area of destruction may see little negative impact to their aggregate employment levels.

Conclusions

Large natural disasters such as Hurricane Katrina can cause substantial and sustained job loss in the areas directly affected by the disaster. This suggests that a major earthquake in Oregon could cause a similar job loss. However, areas outside of the region of destruction may see little if any job loss and may instead see a continuation of longer-term employment trends. ■

The Coming Labor Shortage:

What it Means for Oregon and Strategies for Your Business to Compete

December 12, 2006

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Hosted by: Oregon Association of Minority Entrepreneurs

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8-10:30 a.m. Breakfast served

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Skills Lift Workers Up Rungs of the Career Ladder

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A worker climbing from the mail room to the board room of a corporation is an important myth in the American psyche. In addition to being a rags-to-riches dream that happens occasionally, it is also about how to progress in one's career. The story usually implies luck allows one to hop from one job to the next. Little is said about how the skills learned along the way help lift the worker from one rung to the next. In any field, a ladder from the entry-level job to a professional level exists: a laundry room attendant at a hospital can reach for a registered nursing position just as the mythical mail room attendant reached for the corporate board.

Without training or work experience, a person may fill many of the health care industry's service occupations. In such entry-level jobs, a person becomes familiar with sanitation requirements critical in a health care setting, learns team work, and begins to learn about health care procedures.

From an entry-level position and with training, a person can advance to become a certified nursing assistant (CNA) and work directly with patients: feeding, bathing, dressing, and grooming. The sanitation skills and familiarity with health care procedures gained in

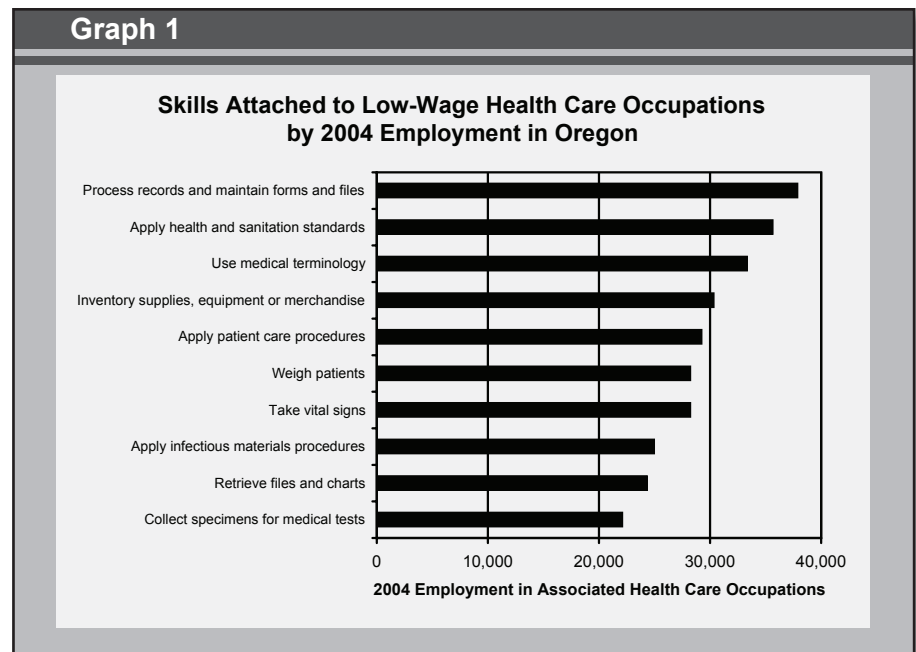
health service occupations are valued by CNA employers and help in building the core skills of this position.

Skills learned along the way help lift the worker from one rung to the next.

At this point, workers are in a good position to determine the next steps they wish to take in the health care industry. CNAs learn which tasks bring the most satisfaction and which the most challenge. They become familiar with medical terminology and the roles of the different health care providers. CNAs obtain all of the top-10 skills for low-wage health care workers (Graph 1).

CNAs who want to advance to the next rung in the career ladder need more education. With greater exposure to the health care industry, CNAs may choose to pursue a therapist or technologist profession or continue gaining knowledge and experience in the nursing field. The next rung in the nursing career ladder is a licensed practical nurse (LPN).

A certified nursing assistant must obtain additional training through an accredited program, which is available at several community colleges, and pass the national licensure exam. The educational programs last one year but require at least a semester of



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Each listing includes address, phone number, contact name, Web site address (if applicable), business and industry descriptions, employer size, and other information. For those needing help finding a business, maps and driving directions are just a click away.



Graph 2

Skills Attached to Medium-Wage Health Care Occupations by 2004 Employment in Oregon



coursework as prerequisites. Many of the prerequisites and LPN classes are offered in the evenings, on weekends and online.

LPNs collect information, contribute to the plan of care, and provide general nursing care in predictable situations.

They may also gain exposure to nonroutine situations under direct supervision of a registered nurse or doctor. They will add to the skills they obtained as a CNA learning how to gather patient information, use computer systems in a health care setting, and prepare examining rooms and medical equipment. LPNs are medium-wage health care occupations. The top-10 skills for medium-wage health care professionals are shown in Graph 2.

The skills and education gained as an LPN directly lead to the next rung on the career ladder. The one-year educational program is the first year of education required in a two- or four-year registered nursing program. LPNs care for acutely ill patients and learn about diseases and human anatomy. They participate in developing routine treatment plans to aid in patients' care. This knowledge, combined with skills gained from their work experience, will make workers climbing the career ladder highly competitive with workers who have only educational training.

LPNs add to the skills they obtained as a CNA.

To become a registered nurse, a person must complete an approved program and pass the national exam (NCLEX-RN). There are several two-year educational programs available through community colleges. The first year of these programs allows a candidate to become

an LPN, the second year to qualify to take the RN exam or to transfer to a four-year program. Deciding between a two- and four-year nursing program is somewhat dependent on career

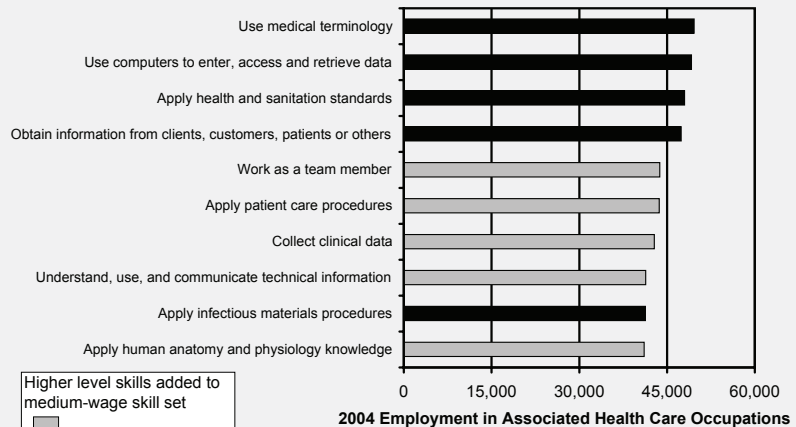
goals. RNs who aim to work in highly specialized fields may wish to complete a four-year program. Many RNs complete a two-year program, become licensed and obtain employment as an RN, then go on to finish a four-year degree. RNs with a four-year degree or a master's degree earn more than RNs with a two-year degree. RNs who have completed a four-year program are also more likely to work in highly specialized fields or climb to management positions.

RNs use all of the experiences gained in the CNA and LPN positions. They also learn to assess, plan and provide care to patients. They give prescribed medications and treatments. RNs may also supervise other nursing staff. Registered nursing is a high-wage health care profession. The top-10 skills for such positions are shown in Graph 3.

Workers should use skills gained at their current jobs to help them reach for positions at a higher level. The lower rungs of the career ladder help a worker gain exposure to the industry and the workplace. The middle rungs let them gain confidence, while the higher rungs allow them to view their successes. ■

Graph 3

Skills Attached to High-Wage Health Care Occupations by 2004 Employment in Oregon



Local Highlights

Lane County's High-Tech Industry Regains its Prerecession Peak

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Lane County contains about 6 percent of the state's overall high-tech employment. The local industry has shown resiliency after the last recession and is poised to regain all its lost employment.

As Graph 1 shows, employment in high tech in Lane County has followed the fortunes of the overall economy. Employment peaked at around 3,600 in 2000 after the addition of such companies as Hynix Semiconductor, PSC Scanning and Symantec in the late 1990s. The industry then lost employment during an economic downturn that lasted from late 2000 through 2003. It has since rebounded over the last couple of years, growing by five percent from 2004 to 2005. Although the overall economy recovered all of the employment lost in the last recession by late 2004, high tech is just now regaining its peak.

With employment of a little over 3,500 in 2005, high tech compares to other major industry sectors in the county such as wood products manufacturing and transportation equipment manufacturing (mostly recreational vehicles) which employed 4,900 and 4,500, respectively, in 2005.

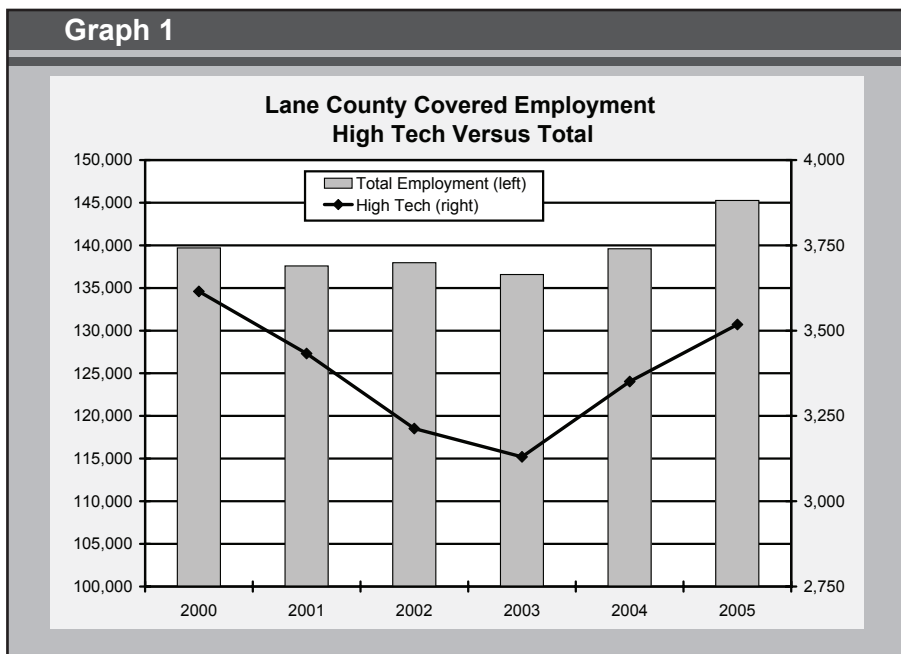
This industry is also important to the county for the wages it generates, adding \$202.3 million in total payroll in 2005 with an annual average wage of \$57,500, well above the overall county wage of \$32,300.

Two recent developments published in the *Register-Guard* newspaper point to continued growth in Lane County's high-tech industry in the near future:

- Symantec recently doubled the size of their building to over 400,000 square feet and held a job fair to add 100 new workers.
- Hynix Semiconductor will spend \$250 million and add 100 new employees over the next year to upgrade its Eugene plant.

The Oregon Employment Department's definition of the high-tech industry includes a mix of manufacturing and services corresponding to the following North American Industrial Classification System (NAICS) codes:

- 334, computer and electronic product manufacturing
- 5112, software publishing
- 5415, systems design and related services



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.

Oregon Current Labor Force and Industry Employment

	September 2006	August 2006	September 2005	Change From August 2006	Change From September 2005
Labor Force Status					
Civilian labor force	1,892,789	1,908,701	1,867,990	-15,912	24,799
Unemployed	90,938	98,722	100,859	-7,784	-9,921
Unemployment rate	4.8	5.2	5.4	-0.4	-0.6
Unemployment rate, seasonally adjusted	5.4	5.5	6.0	-0.1	-0.6
Employed	1,801,851	1,809,979	1,767,131	-8,128	34,720
Nonfarm Payroll Employment					
Total nonfarm payroll employment	1,729,300	1,715,500	1,680,000	13,800	49,300
Total private	1,449,000	1,448,600	1,406,400	400	42,600
Natural resources and mining	9,700	10,000	10,000	-300	-300
Logging	7,400	7,700	7,900	-300	-500
Construction	107,100	107,000	97,800	100	9,300
Construction of buildings	28,600	28,100	24,300	500	4,300
Residential building construction	17,600	17,500	15,200	100	2,400
Nonresidential building construction	11,000	10,600	9,100	400	1,900
Heavy and civil engineering construction	11,900	11,900	11,700	0	200
Specialty trade contractors	66,600	67,000	61,800	-400	4,800
Building foundation and exterior contractors	14,000	14,200	13,700	-200	300
Building equipment contractors	27,100	27,000	23,800	100	3,300
Building finishing contractors	16,800	17,200	15,200	-400	1,600
Other specialty trade contractors	8,700	8,600	9,100	100	-400
Manufacturing	214,300	214,400	207,700	-100	6,600
Durable goods	157,800	158,200	153,200	-400	4,600
Wood product manufacturing	32,500	32,700	32,700	-200	-200
Sawmills and wood preservation	9,500	9,500	9,200	0	300
Plywood and engineered wood product mfg.	10,700	10,800	11,200	-100	-500
Other wood product manufacturing	12,300	12,400	12,300	-100	0
Primary metal manufacturing	9,600	9,600	8,300	0	1,300
Fabricated metal product manufacturing	15,600	15,800	16,200	-200	-600
Machinery manufacturing	12,000	12,000	11,800	0	200
Computer and electronic product manufacturing	42,900	43,300	41,700	-400	1,200
Computer and peripheral equipment mfg.	3,400	3,400	3,800	0	-400
Semiconductor and electronic component mfg.	31,100	31,400	30,500	-300	600
Electronic instrument manufacturing	6,000	6,100	5,600	-100	400
Transportation equipment manufacturing	19,200	19,500	18,300	-300	900
Nondurable goods	56,500	56,200	54,500	300	2,000
Food manufacturing	23,800	23,500	23,400	300	400
Fruit and vegetable preserving and specialty	10,900	10,600	11,000	300	-100
Paper manufacturing	6,500	6,500	6,500	0	0
Printing and related support activities	7,400	7,500	7,300	-100	100
Plastics and rubber products manufacturing	7,300	7,400	6,600	-100	700
Trade, transportation, and utilities	343,300	342,200	332,700	1,100	10,600
Wholesale trade	80,800	82,000	79,500	-1,200	1,300
Merchant wholesalers, durable goods	36,000	36,700	35,600	-700	400
Merchant wholesalers, nondurable goods	32,900	33,000	31,900	-100	1,000
Electronic markets and agents and brokers	11,900	12,300	12,000	-400	-100
Retail trade	203,800	201,800	195,300	2,000	8,500
Motor vehicle and parts dealers	27,900	27,800	27,500	100	400
Building material and garden supply stores	16,900	17,100	15,500	-200	1,400
Food and beverage stores	38,900	38,600	36,800	300	2,100
Gasoline stations	11,100	10,800	11,600	300	-500
Clothing and clothing accessories stores	17,200	17,000	17,400	200	-200
Sporting goods, hobby, book and music stores	10,600	10,100	10,200	500	400
General merchandise stores	37,200	37,300	36,700	-100	500
Miscellaneous store retailers	11,300	11,000	11,200	300	100
Nonstore retailers	8,700	7,600	7,500	1,100	1,200
Transportation, warehousing, and utilities	58,700	58,400	57,900	300	800
Utilities	4,800	4,900	4,800	-100	0
Transportation and warehousing	53,900	53,500	53,100	400	800
Air transportation	3,500	3,500	3,800	0	-300
Truck transportation	20,300	20,400	19,800	-100	500
Couriers and messengers	6,300	6,400	6,200	-100	100
Warehousing and storage	7,400	7,400	7,500	0	-100
Information	32,300	32,600	33,800	-300	-1,500
Publishing industries, except internet	14,600	14,600	14,400	0	200

Oregon Current Labor Force and Industry Employment

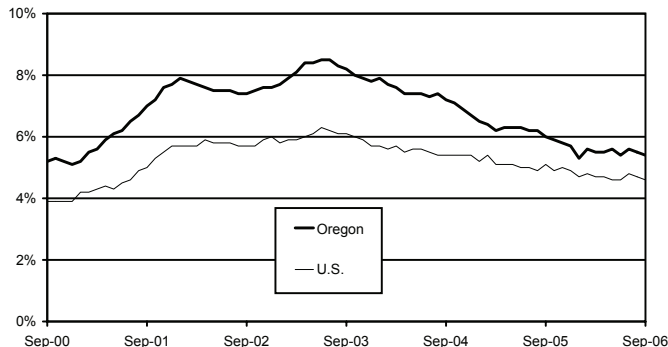
	September 2006	August 2006	September 2005	Change From August 2006	Change From September 2005
Newspaper, book, and directory publishers	6,800	6,800	6,800	0	0
Software publishers	7,800	7,800	7,600	0	200
Telecommunications	8,100	8,100	8,600	0	-500
Financial activities	108,800	108,600	104,300	200	4,500
Finance and insurance	66,900	66,300	62,300	600	4,600
Credit intermediation and related activities	34,100	33,300	31,300	800	2,800
Insurance carriers and related activities	27,500	27,700	25,800	-200	1,700
Real estate and rental and leasing	41,900	42,300	42,000	-400	-100
Real estate	33,900	34,200	33,700	-300	200
Professional and business services	198,600	197,400	191,700	1,200	6,900
Professional and technical services	71,700	71,700	65,600	0	6,100
Legal services	12,100	12,400	11,500	-300	600
Architectural and engineering services	14,700	14,400	12,900	300	1,800
Computer systems design and related services	8,800	8,700	9,300	100	-500
Management of companies and enterprises	26,500	27,000	26,500	-500	0
Administrative and waste services	100,400	98,700	99,600	1,700	800
Administrative and support services	92,800	91,500	92,600	1,300	200
Employment services	45,500	44,100	43,900	1,400	1,600
Business support services	11,900	11,600	14,100	300	-2,200
Services to buildings and dwellings	21,100	21,200	20,100	-100	1,000
Educational and health services	207,000	204,200	201,500	2,800	5,500
Educational services	28,400	25,800	28,700	2,600	-300
Health care and social assistance	178,600	178,400	172,800	200	5,800
Ambulatory health care services	62,100	62,400	60,900	-300	1,200
Hospitals	50,600	50,500	49,200	100	1,400
Nursing and residential care facilities	39,500	39,700	37,000	-200	2,500
Social assistance	26,400	25,800	25,700	600	700
Leisure and hospitality	168,500	172,600	168,600	-4,100	-100
Arts, entertainment, and recreation	19,200	20,300	21,300	-1,100	-2,100
Amusement, gambling, and recreation	14,500	15,700	15,800	-1,200	-1,300
Accommodation and food services	149,300	152,300	147,300	-3,000	2,000
Accommodation	24,400	26,000	23,400	-1,600	1,000
Food services and drinking places	124,900	126,300	123,900	-1,400	1,000
Full-service restaurants	62,400	61,900	60,800	500	1,600
Limited-service eating places	49,600	51,100	50,600	-1,500	-1,000
Other services	59,400	59,600	58,300	-200	1,100
Repair and maintenance	17,500	18,100	17,200	-600	300
Personal and laundry services	13,100	13,200	12,400	-100	700
Membership associations and organizations	28,800	28,300	28,700	500	100
Religious organizations	16,600	15,800	16,600	800	0
Government	280,300	266,900	273,600	13,400	6,700
Federal government	29,900	30,100	30,400	-200	-500
State government	72,000	72,800	71,800	-800	200
State education	23,300	23,000	23,200	300	100
Local government	178,400	164,000	171,400	14,400	7,000
Indian tribal	7,700	7,700	7,700	0	0
Local education	92,800	76,000	86,500	16,800	6,300
Labor-management disputes	0	0	900	0	-900

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.

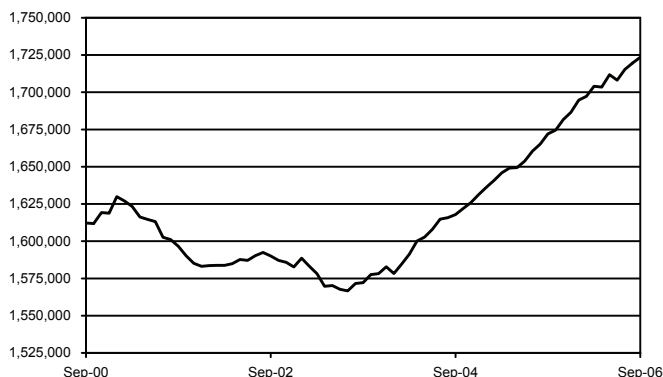
Unemployment Rates

Unemployment Shows Same 3-Month Trend in Oregon, U.S.
Unemployment Rates, Seasonally Adjusted



Total Nonfarm Payroll Employment

Steady Job Gains in August, September
Oregon Nonfarm Payroll Employment, Seasonally Adjusted



Indicators

Unemployment Rate (Seasonally adjusted)

	Oregon	U.S.
Sep. 2006	5.4	4.6
Aug. 2006	5.5	4.7
Sep. 2005	6.0	5.1

Seasonally Adjusted Employment (Total Nonfarm Payroll Jobs)

	Oregon	U.S.
Sep. 2006	1,723,500	135,613,000
Aug. 2006	1,719,600	135,562,000
Sep. 2005	1,672,000	133,840,000
Change From		
Sep. 2005	51,500	1,773,000
% Change	3.1%	1.3%

Consumer Price Index (CPI)

(All urban consumers, 1982-84=100)

Port.-Salem, OR-WA	Index	Yearly Change
Jan-Jun. 2006	199.8	2.7%
Annual Average 2005	196.0	2.6%
United States		
September 2006	202.9	2.1%
Annual Average 2005	195.3	3.4%



OREGON LABOR TRENDS

Oregon Labor Trends is published by the Workforce & Economic Research Division of the Oregon Employment Department. Oregon Labor Trends can be found under "Publications" on OED's labor market information Web site, www.QualityInfo.org.

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