

Oregon Added Lots of Jobs in 2005

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Oregon added jobs at a rapid pace during 2005, putting many people back to work and trimming the — state's high unemployment rate. Construction and the software publishing industry topped the list of fastest-growing activities. By region, Central and South-Central Oregon grew the fastest. Several Eastern Oregon counties had the weakest job conditions.

While jobs grew, more people moved to Oregon in 2005 than in 2004, adding to the labor force. This may have slowed the downward trend in the unemployment rate, but the average pay per worker increased almost as fast as the inflation rate during the first half of the year.

Will 2005's positive trends continue? The current forecast anticipates much slower job growth but about the

same rate of population growth. Therefore, Oregon's unemployment rate is likely to remain above the nation's.

2005 Saw Continued Rapid Job Growth

Oregon's nonfarm payroll employment grew rapidly during 2005 (see graph on back page). As of October the measure was almost 50,000 jobs or about 3 percent higher than one year earlier. Oregon posted similar over-the-year gains throughout much of 2004 and virtually all of 2005.

The state's rapid job growth this year and last followed a lengthy recession between late 2000 and the middle of 2003. Employment fell by as much as 4 percent in the recession, much

worse than in other Western states. However, job growth resumed in the second half of 2003 and Oregon surpassed its November 2000 prerecession peak employment level in January 2005.

Oregon's 3 percent over-the-year growth was the sixth fastest of all states in October and about double the nation's 1.4 percent growth (Graph 1). Nevada grew twice as fast. Idaho also had faster growth than Oregon. To our north, Washington's nearly matched Oregon's increase. Just a bit farther to the north, British Columbia's — not shown on the graph — was slightly faster (+3.3%). To our south, California saw slower growth. Across the Pacific Ocean to our southwest,

The average pay per worker increased almost as fast as the inflation rate.

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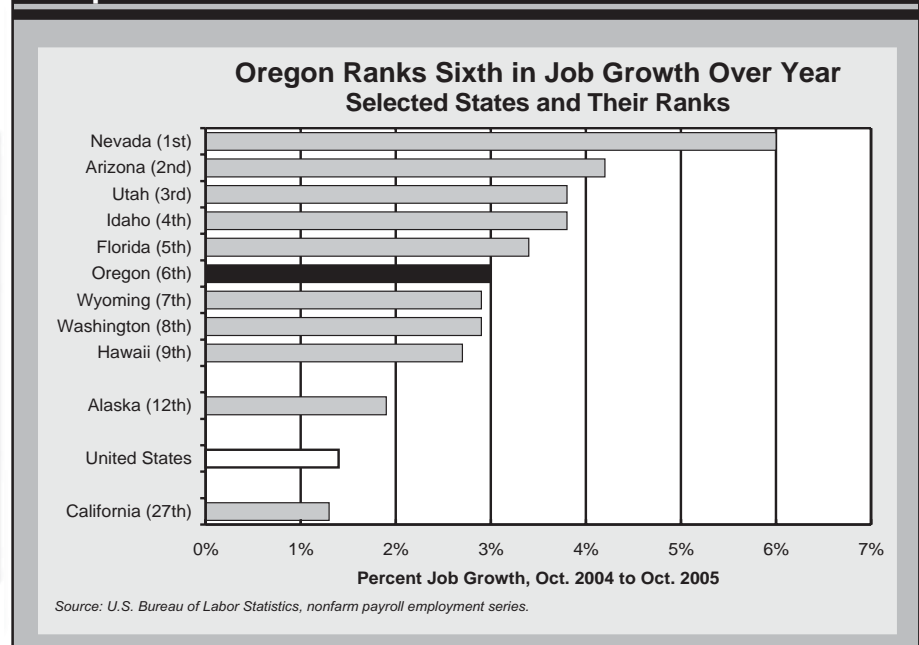
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Graph 1



Hawaii grew almost as fast as Oregon, while to our northwest, Alaska grew more slowly.

Last year's rapid job growth in Oregon was due in large part to a handful of sectors. Employment in the construction and information industries rose quickly (Table 1).

In addition to construction and information, three sectors showed rapid job gains in 2005: private educational and health services; trade, transportation, and utilities; and other services. Private educational and health services saw virtually no downturn during the recession, so their continued quick job growth is remarkable.

Construction Jobs Soared

Job gains in 2005 were very rapid in Oregon's construction industry. In October, the industry had 97,400 jobs, almost 11 percent more than one year earlier. That was the fifth-fastest construction industry growth of all 50 states. Just a few of the major construction projects in 2005 include: The Strand, a mixed-use development at RiverPlace in downtown Portland; the Lane County Armed Forces Reserve Center in Springfield; a Royal Caribbean call center in Springfield; a Lowe's distribution center and a Wal-Mart Supercenter in Lebanon; and a large prison in Madras.

In addition to major construction projects, residential building permits helped boost construction jobs.

Table 1

**Oregon's Fast-Growing Industries Ranked High Among All States
October 2004 to October 2005 Job Change**

	Nonfarm Payroll Employment			Percent Change	U.S. Rank
	Oct. 2004	Oct. 2005	Change		
Construction	88,100	97,400	9,300	10.6%	5
Information	33,000	35,500	2,500	7.6%	2
Private educational & health services	198,500	207,200	8,700	4.4%	4
Trade, transportation, & utilities	326,200	338,600	12,400	3.8%	5
Other services	57,900	59,800	1,900	3.3%	5
Total nonfarm payroll employment	1,634,200	1,683,600	49,400	3.0%	6
Professional & business services	182,600	187,500	4,900	2.7%	21
Manufacturing	205,400	210,100	4,700	2.3%	4
Financial activities	97,300	99,200	1,900	2.0%	18
Leisure & hospitality	159,100	161,500	2,400	1.5%	31
Government	276,100	277,200	1,100	0.4%	26
Natural resources & mining*	10,000	9,600	-400	-4.0%	45

* Data for this industry were available for 45 states and the District of Columbia.
Source: U.S. Bureau of Labor Statistics, not seasonally adjusted data.

From January to September 2005, Oregon communities authorized the building of some 24,910 privately owned housing units, up 13 percent from the same period in 2004, according to Census Bureau estimates.

Residential building permits helped boost construction jobs.

Faster population growth helps explain the growth in home construction. Portland State University's preliminary estimates show 1.3 percent population growth between 2004 and 2005, up from 1.2 percent in the prior year. A larger number of in-migrants caused the increase.

Software Publishing Resumed Growth

During the recession that began in late 2000, the information sector lost more than 8,000 jobs or one-fifth of its employment. Information includes publishing (software, newspapers, periodicals, etc.), telecommunica-

tions, broadcasting, Internet services, and motion picture production and exhibition. Job loss was widespread throughout the sector. It bottomed out in 2004 and began growing in early 2005. By October, it stood 2,500 jobs or 7.6 percent above the year-ago level.

The rebound in the information sector was centered in software publishing. This industry fell from about 9,500 jobs in early 2001 to only 6,500 in early 2004. From this low point, survey data indicate the industry added about 1,000 jobs by late 2005. Other portions of the information sector appear to be stabilizing from the lengthy recessionary downturn.

Manufacturing's Growth Ranked Fourth Fastest

After a loss of almost 33,000 jobs or 15 percent in the recent recession, Oregon's manufacturing sector added

back about 13,000 between mid-2003 and late 2005. As of October 2005, Oregon's manufacturing sector ranked fourth of all states for percentage growth over the prior year.

Transportation equipment manufacturing was a center of job growth in Oregon in 2005. The industry added about 1,500 jobs. Primary and fabricated metals manufacturing employed several hundred more workers, as did plastics and rubber products manufacturing.

On the other hand, the state's large computer and electronic product manufacturing industry remained essentially flat in 2005 after a small rebound in 2004. The industry has about 42,000 employees, down from a peak pre-recession level of more than 50,000.

The Farm Sector Faced Higher Costs

The nonfarm payroll employment measure generally used to gauge job growth excludes farm workers and the self-employed. We have to look elsewhere for indicators of change in Oregon's farm and self-employment sectors.

The farm sector's impact on Oregon's total economy is significant. Agricultural products made up about \$1 billion or 11 percent of the value of Oregon's foreign exports in the first three quarters of 2005. Even

larger values undoubtedly went to customers in other U.S. states. Also, agriculture experts estimate that each farm job in Oregon helps support three to four agriculture-related jobs off the farm.

Oregon's farm sales rose to \$4.1 billion in 2004, an 8-percent gain on 2003's \$3.8 billion record high and well above the roughly \$3.5 billion levels of 2001 and 2002. Data for

2005 are not yet in but observers of Oregon's agricultural sector feel conditions are less positive than in 2004. They expect total farm sales in 2005 to match those of 2004 while expenses continue to rise. Costs for fuels, electricity, fertilizer, labor, and other inputs were higher in 2005, taking away some of the potential for profit.

Nearly 80 percent of Oregon's agricultural products are sold to customers outside the state. About half of this output goes overseas and is influenced by exchange rates, international demand and production in other countries, and shipping costs. The value of Oregon's agricultural exports was about 7 percent lower in the first three quarters of 2005 than one year earlier. However, an increasing amount of the state's agricultural output is being demanded by Oregon shoppers at farmers' markets, roadside stands, restaurants, and even traditional supermarket outlets.

The Self-Employment Picture Was Unclear

Oregon had about 227,000 nonemployer business establishments with almost \$10 billion in receipts in 2003, the most recent year for which these Census data are available. Oregon comprised 1.2 percent of the nation in

both measures, about the same percentage as Oregon's share of national labor force and total nonfarm payroll employment. Bureau of Labor Statistics data showed about 10.2 million self-employed U.S. workers in November 2005. If Oregon had 1.2 percent of that total, it would have about 122,400 self-employed workers.

In lieu of official state-level data on the self-employed, national trends may provide some insights. The number of self-employed workers nationwide grew from 2002 until

early 2005, then declined sharply. The recent decline could be caused by self-employed workers closing their own businesses in favor of

earning a paycheck as employers stepped up hiring. Another possibility is that many self-employed workers incorporated and became employees as well as owners of their businesses.

Unemployment Trended Down

Oregon gained about 50,000 nonfarm payroll jobs in Oregon over the past year. This helped pull the unemployment rate down from about 7.5 percent in the middle of 2004 to about 6.5 percent in the middle of 2005. By October, the rate was at 6.0 percent, the lowest since April 2001 and almost as low as in some months of 1996 and 1997. Oregon's unemployment rate had been as low as about 5 percent in the mid-1990s high-tech boom and again in the first half of 2000.

In most months in 2005, the rate was at least 1 percentage point lower than in the comparable month of 2004. Similarly, the number of people unemployed each month in 2005 was frequently at least 15,000 lower than in the prior year. During 2005, about 119,000 people were unemployed each month, on average.

Despite the improvement, Oregon's unemployment rate remains one of the nation's highest. In October, it was higher than all of its immediate neighbors, but lower than Alaska. It remained 1 percentage point above the nation's rate and sixth highest of all 50 states. One reason for this

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Oregon's farm sales rose to \$4.1 billion in 2004.

high rank is Oregon's relatively rapid population growth, which adds to the number of people seeking work.

Population Grew More Rapidly

Oregon's population grew by about 5 percent between April 1, 2000 and July 1, 2004, according to the U.S. Census Bureau. This was the 15th-fastest growth in the nation during the four-year period, despite Oregon's loss of as much as 4 percent of its jobs during the recession and its lengthy tenure at or near the top of the unemployment rate list. Net migration – more people moving into Oregon than moving out – made up two-thirds of that population gain, among the highest shares of all states.

Population growth usually adds to the number of people in the labor force.

Portland State University's preliminary estimate of population in 2005 indicated 1.3 percent growth between 2004 and 2005. That was Oregon's fastest population growth in at least several years. As in prior years, the faster growth was due to net migration, most likely in response to Oregon's improving employment picture. Annual net

migration grew from less than 18,000 in 2002 – the middle of the recession – to about 32,000 in 2005.

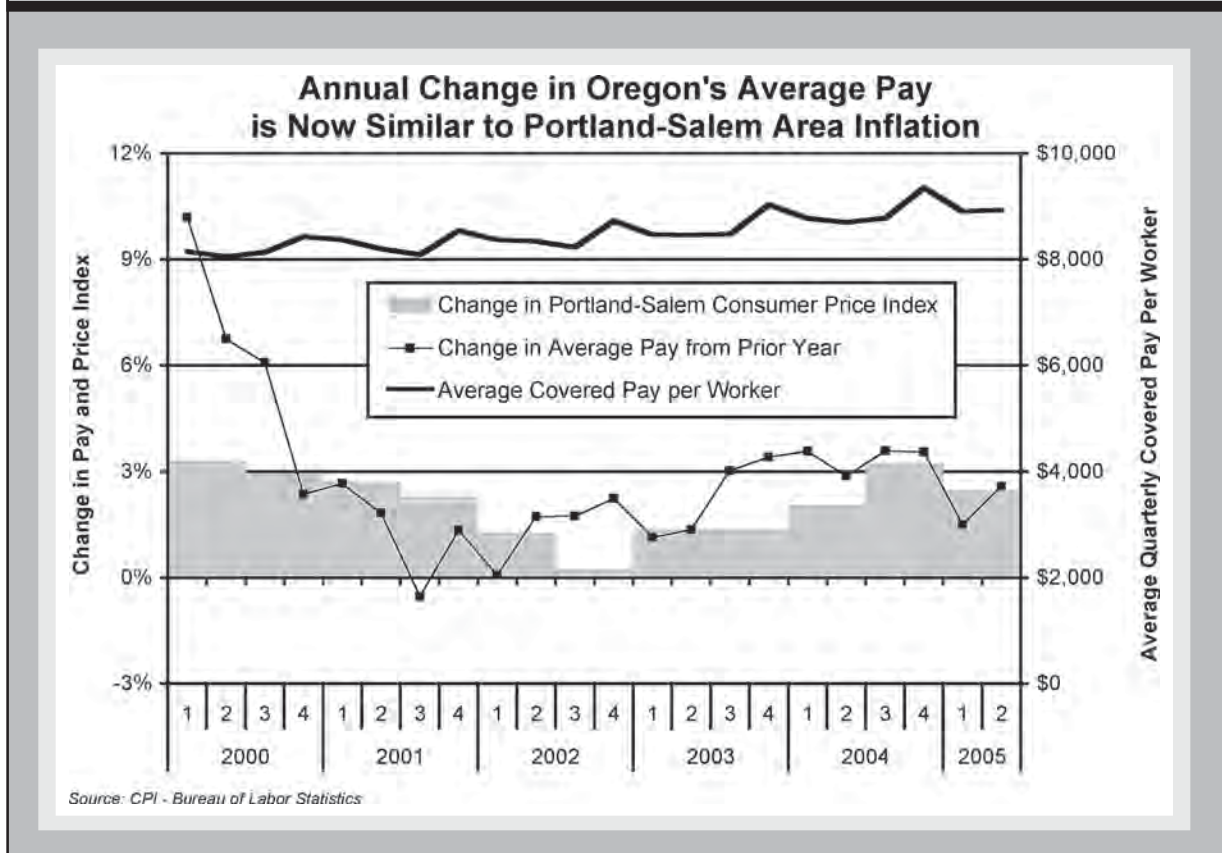
California and Washington remain the primary sources of in-migrants to Oregon. Data from the Oregon Department of Transportation's Driver and Motor Vehicles Division indicate that 17,806 California driver's licenses were surrendered to DMV between January and August of 2005 as

people obtained Oregon driver's licenses. That's up by 21 percent from the same period one year earlier.

For Washington driver's licenses, the tally for the period was 7,350, up 22 percent from a year earlier. Other states with at least 1,000 licenses surrendered to Oregon during the period included Arizona, Idaho, Nevada, Texas, Colorado, and Florida. The driver's license data do not contain information on the number of people moving from foreign countries other than Canada.

Population growth usually adds to the number of people in the labor force. Unless Oregon's in-migrants are primarily retirees, children under age 16, or full-time students, it is likely that the population growth is adding to Oregon's labor force, boosting the number of people working and the number looking for

Graph 2



work above what they would be in the absence of this growth.

Little Gain in Real Wages

Rapid population growth and high unemployment combine to provide employers with lots of available workers. For many occupations and industries, this means less need to raise wages to attract workers. However, average wages have grown.

Data for the first quarter of 2005 were not very favorable to workers covered by unemployment insurance: average pay was up only 1.5 percent from a year earlier, substantially below inflation (Graph 2). However, this was unusual, as growth in average pay equaled or exceeded the inflation rate during most of the quarters since early 2002.

In the second quarter of 2005, average quarterly pay per worker in all industries was \$8,927, or almost \$3,000 per month. This was 2.6 percent higher than one year earlier, just about the same as inflation as measured by the consumer price index for all urban consumers in the Portland-Salem area.

Central Oregon Gained Jobs While Eastern Oregon Lost

Central Oregon continued growing apace in 2005. Deschutes County added about 2,600 jobs (+4.4%) to its employment over the past year, with gains in many industries. Its unemployment rate is among the lowest in the state. Crook County added 3.9 percent to its employment, with rapid growth in professional and business services.

To the south, Klamath County posted a banner year (+3.8%) due largely to strength in construction, retail, and leisure and hospitality. The county had one of the state's largest declines in unemployment rate over the past year. Other

centers of job growth in Oregon included Josephine and Hood River counties, both up 3.5 percent.

The job gains in Central and South-Central Oregon did not spill over into Eastern Oregon, according to preliminary estimates of employment change from 2004 to 2005. In the Southeast corner of the state, average employment in Malheur County for

the first 10 months of 2005 was about 70 lower (-0.6%) than for the same period one year earlier. Over-the-year losses began in May with the publicly announced production curtailment at Amalgamated Sugar Co. LLC in Nyssa. The county's unemployment rate remained one of the highest in Oregon, despite a decline in 2005.

In the Northeast, Union County had a loss of about 50 jobs (-0.5%) from the prior year due to ongoing government cutbacks – particularly in education – and losses in manufacturing. Grant County lost a similar number of jobs but had a larger percentage decline (-1.7%) over the year due to weakness in the professional and business services industry. Grant County's unemployment rate was almost unchanged over the year and was the highest of all counties for the January-to-October period.

Umatilla County's employment was lower than one year earlier by an average of almost 900, or about 3 percent. The December 2004 closure of J. R. Simplot Co.'s Hermiston potato processing facility was an important part of that decline. The closure was due to aging facilities and falling product demand. The county's January-to-October average unemployment rate in 2005 was slightly higher than for

the same period in 2004, the only area in Oregon to show an increase.

Slower Job Growth Expected for 2006

Despite weakness in some Eastern Oregon counties, the pace of statewide job growth in 2005 was rapid. However, state forecasters don't expect it to continue. Instead, they foresee slower job growth in 2006 and beyond. This is due partly to slower job growth expected in the national economy as higher energy prices cut into consumer spending.

As of the December 2005 forecast (available online at www.oea.das.state.or.us), Oregon's manufacturing employment is expected to be essentially flat in 2006 and to decline by almost 1 percent in 2007, due largely to projected weakness in high-tech industries. Construction job growth is pegged to slow to only 2.4 percent in 2006, with a transition away from home building and toward commercial and industrial buildings and streets and bridges.

The forecast calls for professional and business services to buck the slowing trend and grow faster in 2006 than in 2005.

Causes include rapid job gains in call centers and increased demand

for engineering services related to public works.

With job growth projected to slow to only about 1.8 percent in 2006 and 1.4 percent in 2007, and with population expected to remain about 1.2 percent per year, Oregon looks set to generate enough jobs for its growing population. However, because jobs may grow only slightly faster than population, the unemployment rate probably won't decline very rapidly in 2006 and 2007. ■

The pace of statewide job growth in 2005 was rapid.

Oregon looks set to generate enough jobs for its growing population.

Local Highlights: Coos County Charts Future Course for Economy

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With its economic fortunes less dependent on natural resource-based industries, Coos County is being forced to reinvent itself in the era of increased global competition, impending baby-boomer retirements and more employment in service-producing industries. A number of recent developments have breathed new life into this county, which has experienced drastic changes in its economy in the past 20 years:

- A natural gas line to Coos County was completed last year.
- A rail spur to Coos Bay's North Spit industrial area was built, allowing South Port Lumber to expand and relocate.
- The Oregon International Port of Coos Bay will buy 1,300 acres from Weyerhaeuser Co. if the Jordon Cove liquefied natural gas terminal is approved.
- Affiliated Computer Services, a provider of business process and information technology outsourcing solutions, opened a 5,000-square-foot

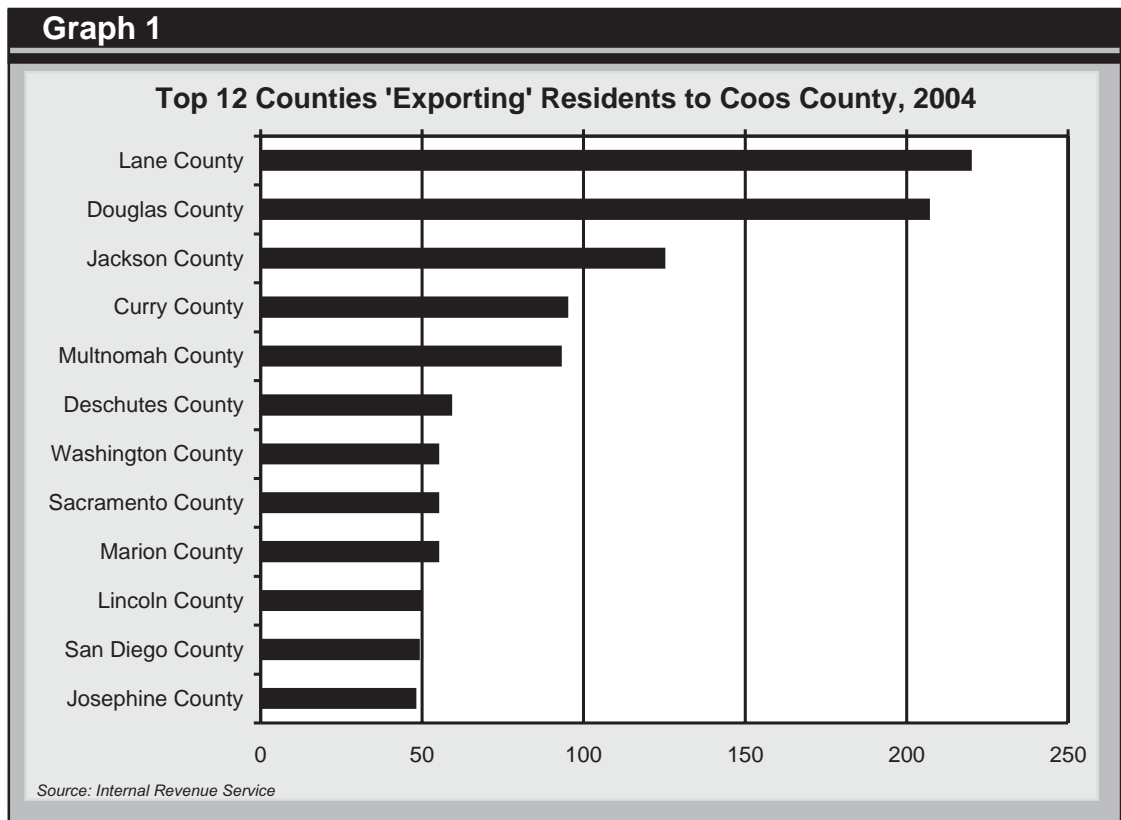
facility in Coos Bay. The site will house recruiting, training and regional offices. The company's North Bend plant employs more than 500 people.

- Bandon Dunes opened its third 18-hole golf course last summer. Bandon Trails is on forested land that borders the resort's other courses that skirt the Pacific Ocean.
- Funding for improvements to the North Bend Airport was approved in the 2005 legislative session.

In-migration has exceeded out-migration for the previous three years, contributing to the area's economic health. Top sources of in-migration include neighboring and

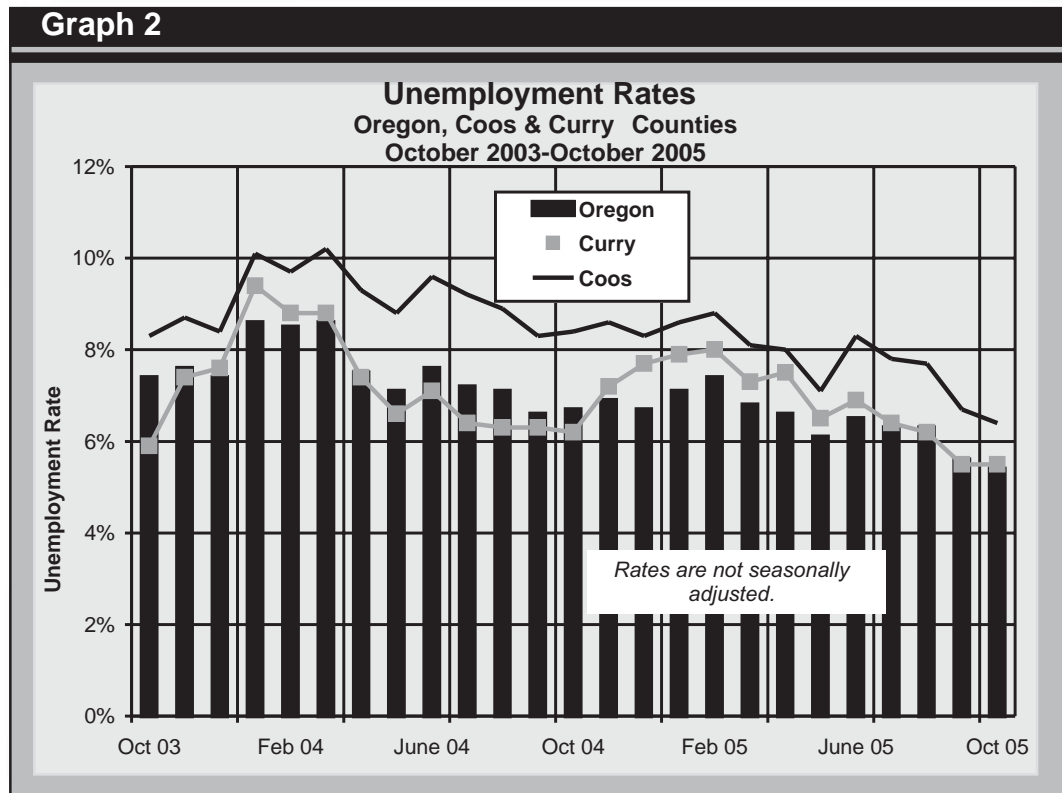
large Oregon counties as well as some California counties (Graph 1). The South Coast is becoming a destination for increasingly more retirees and soon-to-be retirees, putting upward pressure on local housing prices. Despite the turnaround in net migration, Coos County's population growth has been much slower than the state's. One reason is deaths exceeded births every year since 1993.

Coos County is poised to record its fourth consecutive year with gains in nonfarm payroll employment. The county's unemployment rate dipped to 6.4 percent, 2 full percentage points lower than October 2004's rate and the lowest level in a decade (Graph 2). Payroll employment increased by 430 jobs over the year,



for a growth rate of 2 percent. There is a lot of optimism circulating among the county's leaders. While there are challenges ahead, many steps have been taken to move the region's economy forward.

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's Unemployment Rate Ranking Improves Over the Year

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Oregon's 6.0 percent unemployment rate in October was the sixth highest in the nation, although the state's ranking improved over the year. In October 2004, Oregon's 7.3 percent unemployment rate was the second highest in the nation. The state had the first- or second-highest unemployment rate in the nation every month from April 2001 through October 2004.

State unemployment rates ranged from 2.7 percent to 11.3 percent in October. In the wake of Hurricane Katrina, Louisiana had the highest unemployment rate in the nation at 11.3 percent, and Mississippi had the second-highest rate at 9.6 percent. Three other states and the District of Columbia had higher rates than Oregon's: South Carolina and Alaska had rates of 6.9 percent, and Michigan and D.C. had rates of 6.1 percent. Hawaii had the

lowest unemployment rate in October at 2.7 percent, followed by Virginia and Florida with rates of 3.4 percent.

The national unemployment rate in October was 5.0 percent, 1.0 percentage point lower than Oregon's. In October 2004, there was a gap of 1.8 percentage points between the state's 7.3 percent and the nation's 5.5 percent. ■

Unemployment Rate Drops Below Six Percent

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Oregon's seasonally adjusted unemployment rate was essentially unchanged at 5.8 percent in November compared with 5.9 percent as revised in October. October and November were the first months since April 2001 in which Oregon's rate has been below 6.0 percent. In April 2001, it was 5.9 percent.

Until November, Oregon's unemployment rate had not been at or below 5.8 percent since March 2001, when the rate was 5.6 percent.

Payroll Jobs Show Solid Growth in November

In November, nonfarm payroll employment rose by 3,600 jobs during a month when a loss of 4,000 would have been the typical seasonal trend. This strong showing was partially offset by a downward revision of 3,100 jobs to the preliminary October payroll employment estimate. Since November 2004, payroll employment is up by 50,800 jobs, or 3.1 percent.

Seasonally adjusted nonfarm payroll employment grew by 7,600 in November. This followed a seasonally adjusted loss of 1,900 jobs in October. Taken together, payroll employment was up by an average of 2,900 jobs per month in October and November.

Four of the major industries – educational and health services, construction, manufacturing, and trade, transportation, and utilities

– performed much stronger than their typical seasonal trend in November. Conversely, the leisure and hospitality industry cut back more severely than its normal seasonal trend.

Surge in Education and Health, Retail

In November, private-sector educational and health services added 3,300 jobs, which was more than triple the sector's normal seasonal

growth for the month. Health care and social assistance (+2,300) added the most jobs, thanks to a 1,400-job gain in ambulatory health care services.

Educational services added 1,000 jobs in November and 1,600 jobs in the past 12 months.

Trade, transportation, and utilities showed the largest seasonally adjusted gain of the major industries. The sector added 8,300 jobs, 4,100 more than normal for the month.

Trade posted resurgent numbers in November. Retail trade added 7,300 jobs for a 3.6 percent increase. This holiday hiring was slightly stronger than in recent Novembers. Food stores (+1,400 jobs), clothing stores (+900), general merchandise stores (+1,900), and nonstore retailers (+1,400) each showed impressive hiring (Graphs 1 & 2). Meanwhile, wholesale trade added 400 jobs.

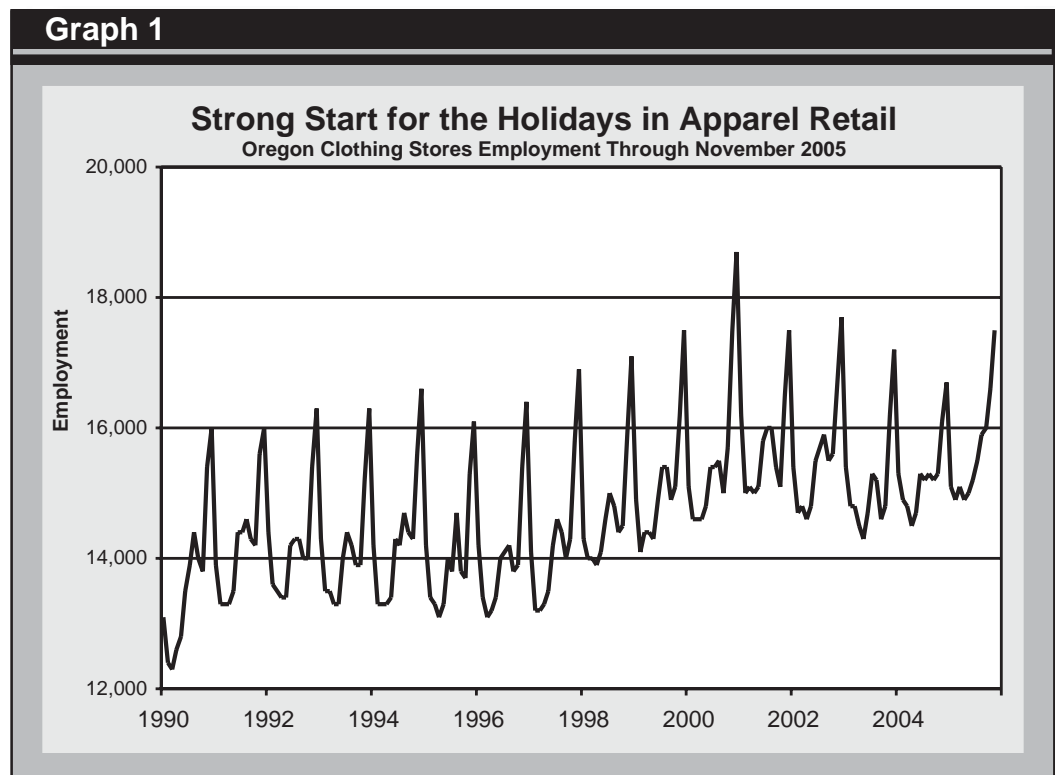
Over the first two months of the holiday hiring season – October and November – holiday-related retail trade employment was up 9,500 jobs. This robust increase is approximately 2,000 jobs more than the average gain during the same months of the past four years. This year, grocery stores, clothing stores, and general merchandise stores picked up their seasonal hiring in earnest.

Construction in Its Heyday

Construction employment dropped by only 900 jobs in November at a time of year when typical seasonal declines would number 2,700. The

November's strong showing was partially offset by a downward revision.

Graph 1



industry has grown rapidly over the past two years, expanding by 17,800 jobs since November 2003.

In November, construction of buildings added 100 jobs during a month that typically sees a modest reduction heading into winter. Specialty trade contractors continued its robust performance, cutting only 400 jobs. It has grown by 7,800 jobs from a year ago.

Heavy and civil engineering construction cut 600 jobs for the month but was 900 jobs ahead of a year ago. This part of construction employs 11,500, which is near the highest level of the past four years, but about 1,000 jobs below industry record levels set during the peak summer months of the late 1990s.

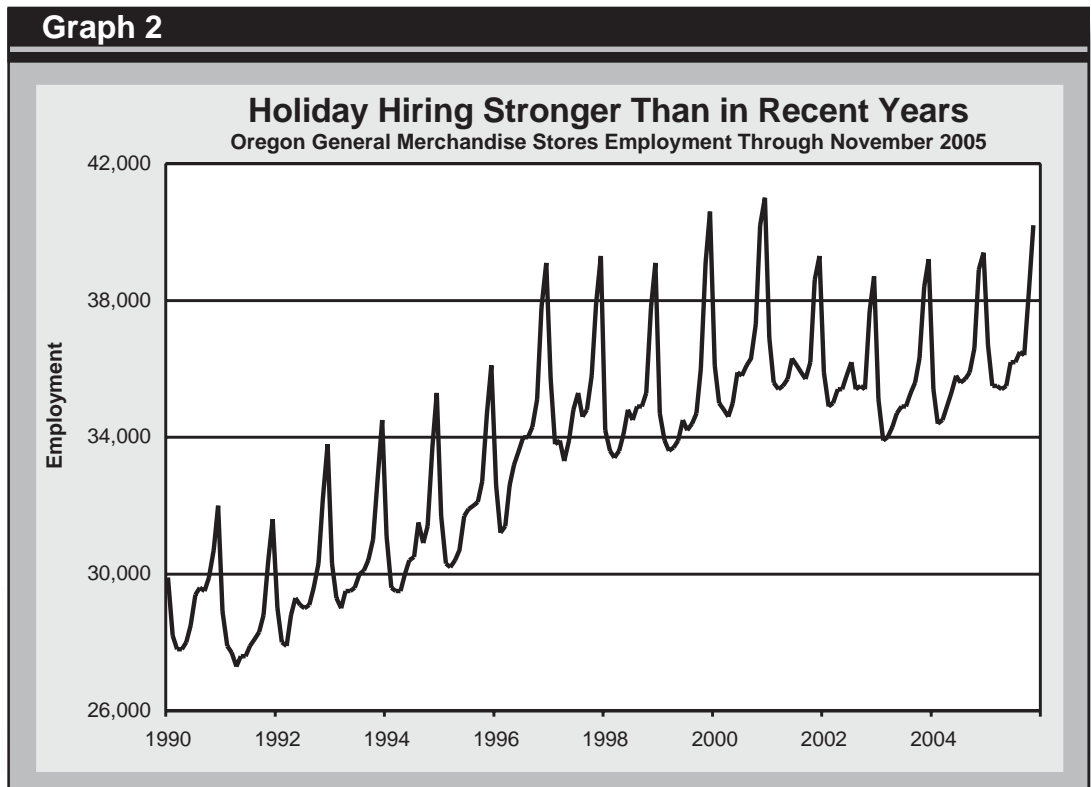
Manufacturing Resilient, Leisure Slowing

Manufacturing cut only 2,200 jobs in November at a time of year when a drop of 3,600 would be normal. Most of the cutback was in nondurable goods, where food manufacturing shed 900 jobs. Food manufacturing did not cut back as much as typical; losses have averaged 2,400 over the prior five Novembers.

Most other manufacturing sectors were little changed. One exception was wood product manufacturing, which cut 200 jobs. Since April 2005, manufacturing has had about 5,000 more jobs than one year earlier.

Leisure and hospitality cut 4,300 jobs in November. The typical loss for the

Graph 2



month is 1,700. The sector's two major components reported significant declines: 2,200 jobs in arts, entertainment, and recreation and 2,100 jobs in accommodation and food services. The sector began 2005 about 8,000 jobs higher than in 2004, but by November, the over-the-year gain was only 400 jobs.

The Unemployment Picture

The payroll employment numbers indicate strong economic expansion, which is helping to alleviate Oregon's relatively high unemployment rate. The state's seasonally adjusted unemployment rate was 5.8 percent in November, essentially unchanged from 5.9 percent in October. Oregon's unemployment rate in November

2004 was 7.2 percent. In November, 101,985 Oregonians were unemployed, compared with 128,393 one year before.

The national unemployment rate was unchanged at 5.0 percent in November, about the same as the prior six

months' readings, which were in the range of 4.9 percent to 5.1 percent.

With Oregon's November unemployment rate at 5.8 percent and the U.S. unemployment rate at 5.0 percent, the gap between the Oregon and the U.S. unemployment rate was 0.8 percentage point. This is as narrow as the gap has been since March 1998, when it was also 0.8 percentage point. The most recent month in which the gap was closer was in December 1997, when it was 0.7 point. Oregon's unemployment rate has been above the U.S. unemployment rate since the two were equal in May 1996.

An Upbeat Summary

Oregon's economic expansion continued in November. Payroll employment growth was strong for the month and up 3.1 percent over the past 12 months. Meanwhile, Oregon's unemployment rate dropped below 6 percent in October and November. The rate has been on a declining trend for more than two years and reached its lowest level since the recession began in early 2001. ■

The gap between the Oregon and the U.S. unemployment rate narrowed.

Metals Manufacturing: 'Old Economy' Still Producing Job Opportunities

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When people think of Oregon's economy, they may think of trees or the wide array of farm products produced in the state. Although Oregon historically relied on wood products and agriculture, and more recently saw rapid job growth tied to the Silicon Forest, the metals industry has been an important part of the state's economy since shortly after settlers hit the Oregon Trail. Many of today's metal manufacturers were associated with the state's wood and paper products industries, providing saw blades and associated machinery. Later, the metals industry supported the state's ship-building and repair industry. Oregon's metals manufacturers now produce a wide range of products that include rebar, computer components, jet engines, and multipurpose tools.

Oregon's metals manufacturing industry employs a little more than

25,000 workers, with 17,000 in fabricated metals industries and 8,000 in primary metals. Although employment levels have declined from their recent peak in the late 1990s, the industry continues to provide many workers with stable high-wage jobs with benefits. Table 1 lists some of the state's largest metals employers.

Despite recent net job losses, considerable hiring has taken place in metals manufacturing. Because the industry has a relatively large fraction of older workers, according to data from the U.S. Census Bureau's Local Employment Dynamics (LED) program, employers will soon lose many skilled workers as baby boomers retire. These retirements will create further job opportunities for workers with the appropriate skills.

Considerable hiring has taken place in metals manufacturing.

The Metals Industry Consortium (MIC) addresses such issues as workforce recruitment and training. Eileen Drake, PCC Structurals Inc. vice president of administrative and legal affairs, co-chairs the group. She said many MIC members have workforces with an average age in the 40s.

"Today's existing workforce isn't going to be adequate to meet the needs," Drake said.

Hiring Continues in Declining Industry

Employers in the state's metals manufacturing industries hired an average of more than 2,100 workers per quarter since 2001 (Graph 1). Most of the hiring has been in fabricated metals, which averaged 1,700 new hires per quarter over this period. Metals hiring was affected by the recession, with hiring generally lower in 2002 and early 2003, but increasing in recent quarters.

The primary and fabricated metals manufacturing industries provide jobs that pay more than the average wage for all private industries (Graph 2). Primary metals had an average wage of more than \$4,200 per month while jobs in fabricated metals paid a little more than \$3,200 per month during the first quarter of 2004. The comparable wage for all private employers in Oregon was roughly \$3,000 per month.

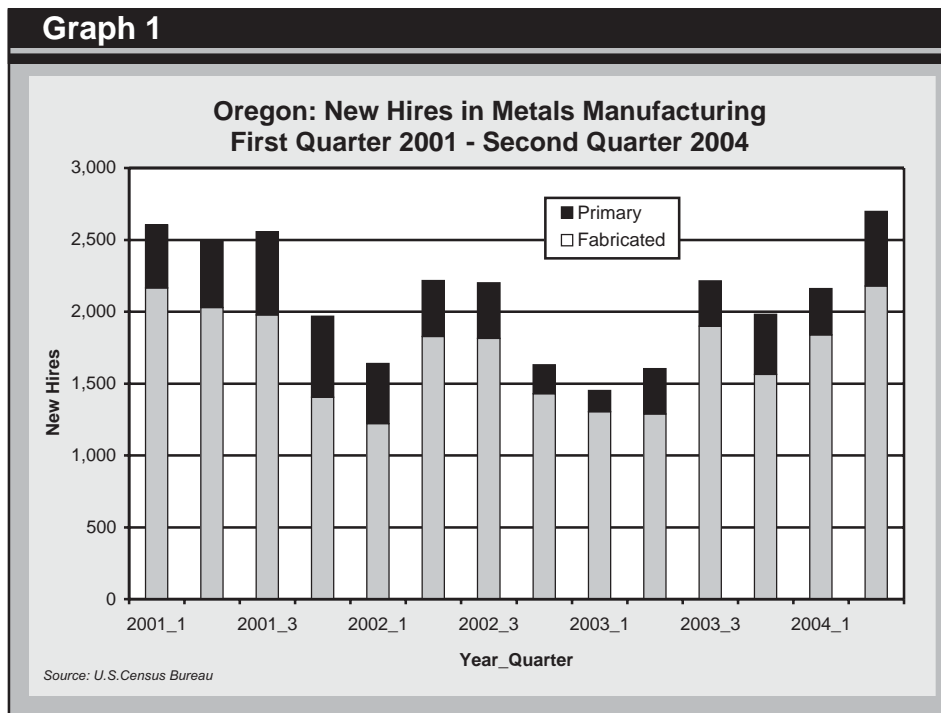
Wages for new hires in metals manufacturing were also higher than for all private-sector new hires. The average monthly wage of the 320 new hires in primary metals manufacturing during the first quarter of 2004 was more than \$2,800 compared with nearly \$2,400 in fabricated metals, which

Table 1

Top Oregon Metals Industry Employers

Firm	Products	Location
Cascade Rolling Mills	Steel mill products	McMinnville
Columbia Steel Casting	Steel foundry	Portland
Consolidated Metco	Aluminum foundry	Clackamas
ESCO	Steel parts for machinery	Portland
Gerber Legendary Blades	Cutlery	Tigard
Leatherman Tool	Cutlery, tools	Portland
Northwest Pipe Co.	Steel pipes and tubes	Portland
Oregon Cutting Systems	Chain saws	Portland
Oregon Steel Mills	Steel plate & pipe	Portland
Precision Castparts	Titanium castings	Portland, Milwaukie
Sapa Anodizing	Aluminum metalworking	Portland
Wah Chang	Primary metals products	Albany

Source: Portland Metropolitan Chamber of Commerce, Largest Employers of the Portland-Vancouver Metropolitan Area and InfoUSA employer database.



1,800 jobs and growing by roughly 8 percent. The industry is not expected to add many jobs due to growth, but there will be many replacement openings in each occupation. For every opening due to growth, the occupational forecasts suggest there will be more than three metals industry job openings due to replacement, or about 5,700 replacement openings. The industry's aging workforce and subsequent retirement will account for many of these replacement openings.

“One of the key elements to continuing to do business in Oregon is having an adequate workforce both in terms of numbers of available workers and skills of available workers,” Drake said. “We no longer believe that will

had more than 1,800 new hires. The average monthly wage for new hires in all private-sector industries was \$1,900.

Labor Shortage in the Making?

The age class structure of the metals industry suggests there will be more openings in coming years as baby boomers exit the workforce. Graph 3 shows there is a relatively large fraction of workers in metals manufacturing between the ages of 35 and 64. Last year, more than half of all jobs in primary metals, and 43 percent of jobs in fabricated metals, were held by workers 45 and older compared with 37 percent of all private-sector jobs.

The vast majority of Oregon's metals-industry jobs are in metro regions (Graph 4). Only one in 10 metals jobs were outside the Portland and Willamette Valley areas compared with about one in four jobs for all private industries. Obviously, metals industry jobs are harder to find in rural Oregon.

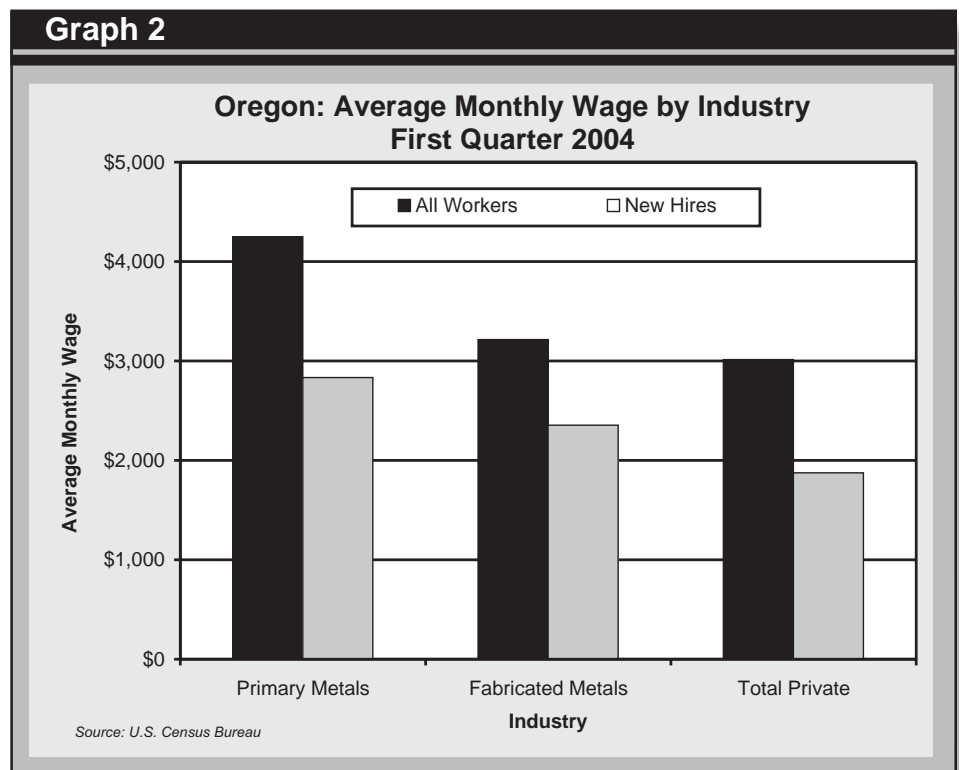
What Jobs Will Be Available?

Table 2 lists the occupations that employ the most metals industry

workers. All of these occupations fall in the production workers occupational category.

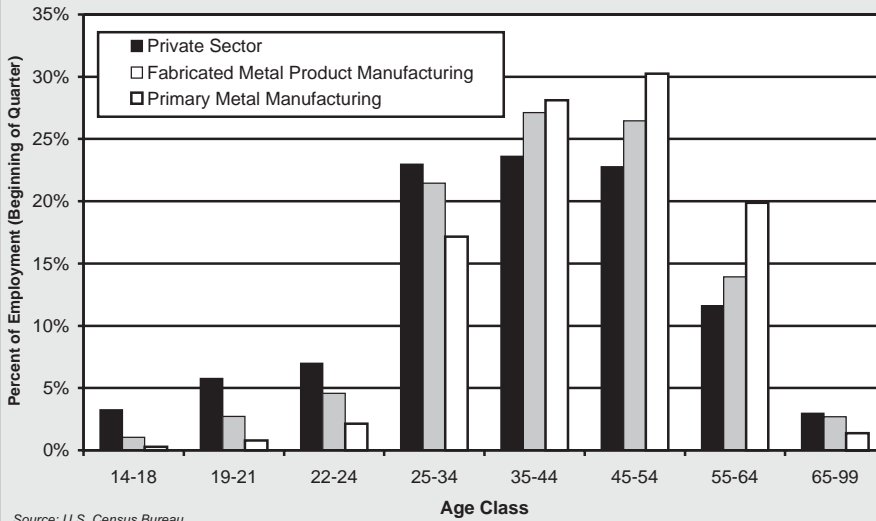
The 2004-14 industry employment forecasts suggest the state's metals industry will see modest job increases between 2004 and 2014, adding about

happen by itself and we think that industry – particularly the metals industry – has to be much more proactive in promoting our businesses as good places to work with a wide range of career opportunities for people. Everything from production positions to high-level management



Graph 3

**Oregon: Employment by Industry and Age Class
First Quarter 2004**



Source: U.S. Census Bureau

the industry has adopted new technologies, many occupations now require strong computer and analytical skills. Although skill sets for metals occupations have changed over time, many in the industry have noted a shortage of workers with adequate basic skills or work ethic. Industry leaders say they hope to meet future workforce needs by developing and implementing training in high-demand occupations and improving awareness of job opportunities.

“We see no signs of a natural increase in interest in the metals manufacturing business coming from the schools,” Drake said. “In fact, we’ve seen a decline in programs at the high school level that would encourage students to look at manufacturing. And yet we know there are substantial

positions will be needed and available in the future.”

Most Pressing Needs

A workforce assessment for the Portland area’s metals industry by Worksystems Inc. found a need for skilled and experienced workers. Among the occupations most difficult to fill were welder, fabricator, machinist, and computer numeric control (CNC) operator. Although the industry

provides high-wage job opportunities, it has a poor image in schools and colleges and is considered to

be an “old-economy” rather than high-tech industry. While the industry does have its roots in the old economy, it has changed considerably over time. As

While the industry does have its roots in the old economy, it has changed considerably over time.

numbers of high school students who don’t finish high school – let alone go on to get a postsecondary degree.”

For those students particularly, the metals industry may offer attractive career paths. “The message we’re trying to give to high school kids is, ‘If you’re not interested in a two- or four-year

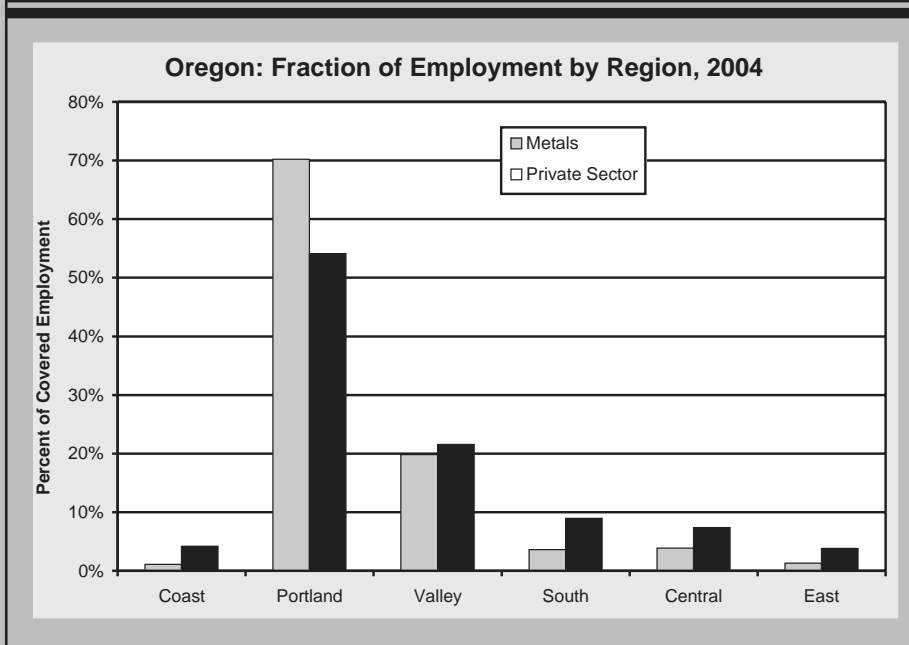
Table 2

Oregon: Metals Industry Forecast for Largest Occupations, 2004-2014

Occupational Title	Employment		Growth	Openings		2005 Average Annual Wage (all industries)
	2004	2014		Replacement	Total	
Welders, Cutters, Solderers, and Brazers	1,281	1,405	124	384	508	\$33,100
Machinists	1,252	1,397	145	313	458	\$39,672
Supervisors and Managers of Production and Operating Workers	1,110	1,196	86	250	336	\$48,544
Cutting, Punching, and Press Machine*	992	1,097	105	247	352	\$26,327
Computer-Controlled Machine Tool Operators, Metal and Plastic	823	909	86	152	238	\$34,022
Structural Metal Fabricators and Fitters	705	802	97	179	276	\$32,723
Grinding, Lapping, Polishing, and Buffing Machine*	665	689	24	132	156	\$31,743
Production Worker’s Helpers	625	664	39	176	215	\$22,964
Molding, Coremaking, and Casting Machine*	607	596	-11	155	144	\$29,716
Assemblers, Multi-task or Team	601	680	79	166	245	\$25,180
Inspectors, Testers, Sorters, Samplers, and Weighers	538	568	30	126	156	\$30,527
Laborers and Freight, Stock, and Material Movers, Hand	499	540	41	159	200	\$23,845
Sheet Metal Workers	496	568	72	128	200	\$40,415

*Occupation includes setters, operators, and tenders, metal and plastic.

Graph 4



degree, there are jobs you can have, there are things you can do that will provide good living wages with benefits where you can put your skills and talents to use,” Drake said.

Many opportunities will include jobs with more technical aspects, including running computer-operated machinery, according to Drake. “There’s a whole wide range of opportunity within the manufacturing world and, increasingly, they’re skilled, not unskilled, jobs.”

She emphasized the importance of a basic education as a foundation for a career. “You’re not going to get there unless you have mastered the same kind of math and reading and language skills that you’d need to go into a community college program.”

Summary

The metals manufacturing industry has a long history in Oregon, but it has seen employment decline modestly from prerecession employment peaks. Despite net job losses in recent years, the industry has continued to hire an average of more than 2,100 workers per quarter since 2001. The industry pays relatively high average wages to its existing workforce and new hires. Metals manufacturing also has a relatively large number of older workers. As these workers retire, they will provide many job openings for workers with the right skills. However,

“There’s a whole wide range of opportunity within the manufacturing world.”

**— Eileen Drake, co-chair,
Metals Industry Consortium**

few younger workers are obtaining the necessary skills for positions in these industries, leaving a potential shortage of skilled workers.

As a result, metals manufacturing will provide ample opportunities for workers seeking high-wage jobs in Oregon. ■

Employers, educators join to meet workforce challenges

The Metals Industry Consortium (MIC) was formed in 2004. The alliance includes more than 30 employers, public high school and post-secondary educators, and public economic and workforce development professionals.

The mission of the MIC, based in Portland, is to create and sustain job opportunities in the metals manufacturing sector. The organization is pursuing nonprofit status, which would expand its scope in the Pacific Northwest.

The consortium is working to build a pipeline of workers for the future to replace an aging workforce. It’s teamed with Portland Public Schools and other districts to improve understanding of the industry by offering a wide range of learning opportunities to teachers, counselors, and students. The group sponsored a Metals Industry Expo in May to present career opportunity information to high school students. The first event attracted more than 2,000 students from Oregon and Southwest Washington. The MIC expects to host the expo annually.

“We see the Expo as a great opportunity for industry to interact with students in our community,” said Drew Park, president of Portland’s Columbia Wire & Iron Works. “Waiting for them to come to us just doesn’t make sense so we need to make ourselves accessible to the students and the Expo is our way of doing just that.”

The 2006 Expo is tentatively scheduled for May 11, and will again showcase career and student learning opportunities in the metals and construction industries.

For more information on the MIC or the 2006 Career Expo, contact Michele Hicks of Madden Industrial Craftsmen at mhicks@mici.com.

Oregon Current Labor Force and Industry Employment

	November 2005	October 2005	November 2004	Change From October 2005	Change From November 2004
Labor Force Status					
Civilian labor force	1,863,691	1,873,595	1,866,675	-9,904	-2,984
Unemployed	101,985	99,718	128,393	2,267	-26,408
Unemployment rate	5.5	5.3	6.9	0.2	-1.4
Unemployment rate, seasonally adjusted	5.8	5.9	7.2	-0.1	-1.4
Employed	1,761,706	1,773,877	1,738,282	-12,171	23,424
Nonfarm Payroll Employment					
Total nonfarm payroll employment	1,684,100	1,680,500	1,633,300	3,600	50,800
Total private	1,406,000	1,404,300	1,354,200	1,700	51,800
Natural resources and mining	9,100	9,800	9,700	-700	-600
Logging	7,800	8,000	7,800	-200	0
Construction	97,300	98,200	85,700	-900	11,600
Construction of buildings	23,700	23,600	20,800	100	2,900
Residential building construction	14,000	14,000	12,500	0	1,500
Nonresidential building construction	9,700	9,600	8,300	100	1,400
Heavy and civil engineering construction	11,500	12,100	10,600	-600	900
Specialty trade contractors	62,100	62,500	54,300	-400	7,800
Building foundation and exterior contractors	14,400	14,400	11,800	0	2,600
Building equipment contractors	22,500	22,200	20,600	300	1,900
Building finishing contractors	15,700	16,100	13,900	-400	1,800
Other specialty trade contractors	9,500	9,800	8,000	-300	1,500
Manufacturing	207,500	209,700	202,100	-2,200	5,400
Durable goods	153,400	154,300	151,300	-900	2,100
Wood product manufacturing	32,600	32,800	32,500	-200	100
Sawmills and wood preservation	9,100	9,000	8,900	100	200
Plywood and engineered wood product mfg.	11,200	11,500	11,100	-300	100
Other wood product manufacturing	12,300	12,300	12,500	0	-200
Primary metal manufacturing	8,300	8,400	7,800	-100	500
Fabricated metal product manufacturing	16,900	16,800	16,500	100	400
Machinery manufacturing	12,100	12,000	11,900	100	200
Computer and electronic product manufacturing	42,000	42,000	42,300	0	-300
Computer and peripheral equipment mfg.	3,700	3,600	3,600	100	100
Semiconductor and electronic component mfg.	30,900	31,000	31,300	-100	-400
Electronic instrument manufacturing	5,800	5,700	5,500	100	300
Transportation equipment manufacturing	18,800	18,900	17,300	-100	1,500
Nondurable goods	54,100	55,400	50,800	-1,300	3,300
Food manufacturing	22,800	23,700	21,300	-900	1,500
Fruit and vegetable preserving and specialty	9,200	9,900	8,000	-700	1,200
Paper manufacturing	6,600	6,700	6,600	-100	0
Printing and related support activities	6,900	6,800	7,100	100	-200
Plastics and rubber products manufacturing	7,200	7,200	6,700	0	500
Trade, transportation, and utilities	346,800	338,500	330,700	8,300	16,100
Wholesale trade	79,200	78,800	74,900	400	4,300
Merchant wholesalers, durable goods	35,000	34,900	34,000	100	1,000
Merchant wholesalers, nondurable goods	31,700	31,600	30,300	100	1,400
Electronic markets and agents and brokers	12,500	12,300	10,600	200	1,900
Retail trade	208,200	200,900	197,900	7,300	10,300
Motor vehicle and parts dealers	26,200	26,300	27,200	-100	-1,000
Building material and garden supply stores	15,500	16,000	14,200	-500	1,300
Food and beverage stores	40,700	39,300	37,500	1,400	3,200
Gasoline stations	12,000	12,100	11,800	-100	200
Clothing and clothing accessories stores	17,500	16,600	16,100	900	1,400
Sporting goods, hobby, book and music stores	10,200	9,800	10,600	400	-400
General merchandise stores	40,200	38,300	38,900	1,900	1,300
Miscellaneous store retailers	12,000	11,800	11,800	200	200
Nonstore retailers	9,300	7,900	8,400	1,400	900
Transportation, warehousing, and utilities	59,400	58,800	57,900	600	1,500
Utilities	5,300	5,300	5,200	0	100
Transportation and warehousing	54,100	53,500	52,700	600	1,400
Air transportation	3,800	3,800	4,200	0	-400
Truck transportation	20,600	20,300	19,600	300	1,000
Couriers and messengers	7,300	6,700	6,600	600	700
Warehousing and storage	6,400	6,500	7,000	-100	-600
Information	35,300	35,300	33,000	0	2,300

Publishing industries, except internet	13,800	14,000	13,500	-200	300
Newspaper, book, and directory publishers	6,500	6,600	6,600	-100	-100
Software publishers	7,300	7,400	6,900	-100	400
Telecommunications	9,300	9,100	8,700	200	600
Financial activities	99,200	99,000	97,300	200	1,900
Finance and insurance	62,500	61,800	59,800	700	2,700
Credit intermediation and related activities	30,000	29,800	29,100	200	900
Insurance carriers and related activities	27,000	26,700	25,800	300	1,200
Real estate and rental and leasing	36,700	37,200	37,500	-500	-800
Real estate	30,000	30,500	30,000	-500	0
Professional and business services	184,600	186,400	181,000	-1,800	3,600
Professional and technical services	65,100	64,700	63,300	400	1,800
Legal services	12,400	12,100	11,800	300	600
Architectural and engineering services	13,300	13,300	12,500	0	800
Computer systems design and related services	8,400	8,400	8,700	0	-300
Management of companies and enterprises	27,000	27,000	26,800	0	200
Administrative and waste services	92,500	94,700	90,900	-2,200	1,600
Administrative and support services	86,500	88,700	84,800	-2,200	1,700
Employment services	37,800	41,000	38,000	-3,200	-200
Business support services	14,600	13,900	13,500	700	1,100
Services to buildings and dwellings	19,700	19,700	19,400	0	300
Educational and health services	209,300	206,000	199,800	3,300	9,500
Educational services	30,500	29,500	28,900	1,000	1,600
Health care and social assistance	178,800	176,500	170,900	2,300	7,900
Ambulatory health care services	63,300	61,900	59,200	1,400	4,100
Hospitals	49,500	49,500	47,900	0	1,600
Nursing and residential care facilities	37,400	36,900	36,600	500	800
Social assistance	28,600	28,200	27,200	400	1,400
Leisure and hospitality	157,400	161,700	157,000	-4,300	400
Arts, entertainment, and recreation	18,700	20,900	20,500	-2,200	-1,800
Amusement, gambling, and recreation	13,700	14,700	14,100	-1,000	-400
Accommodation and food services	138,700	140,800	136,500	-2,100	2,200
Accommodation	20,900	23,000	20,200	-2,100	700
Food services and drinking places	117,800	117,800	116,300	0	1,500
Full-service restaurants	57,200	56,900	55,300	300	1,900
Limited-service eating places	51,300	51,200	49,400	100	1,900
Other services	59,500	59,700	57,900	-200	1,600
Repair and maintenance	18,300	18,200	16,800	100	1,500
Personal and laundry services	12,400	12,600	12,300	-200	100
Membership associations and organizations	28,800	28,900	28,800	-100	0
Religious organizations	16,900	16,900	16,800	0	100
Government	278,100	276,200	279,100	1,900	-1,000
Federal government	29,800	30,400	30,200	-600	-400
State government	63,300	63,000	63,100	300	200
State education	28,600	27,400	28,000	1,200	600
Local government	185,000	182,800	185,800	2,200	-800
Indian tribal	7,600	7,500	7,500	100	100
Local education	102,500	100,000	100,900	2,500	1,600
Labor-management disputes	0	0	0	0	0

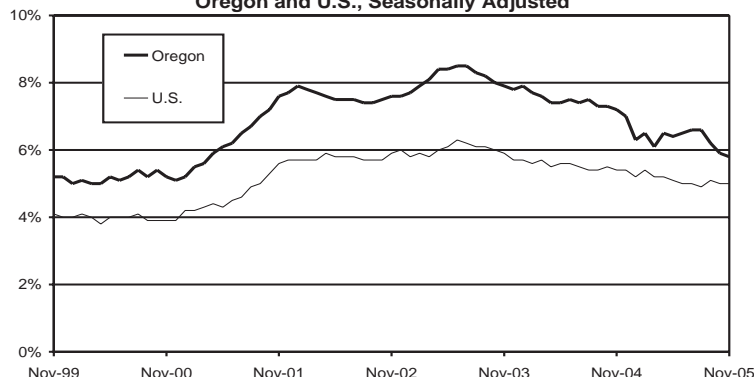
The most recent month is preliminary, the prior month is revised. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

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.

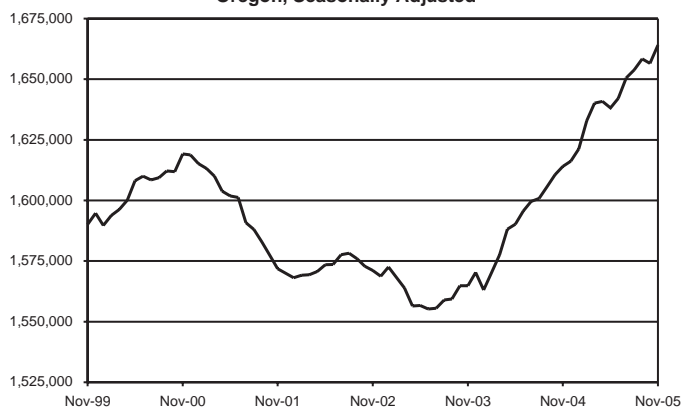
Unemployment Rates

Oregon's Unemployment Rate Continues Declining
Oregon and U.S., Seasonally Adjusted



Total Nonfarm Payroll Employment

Nonfarm Payroll Employment Still Growing
Oregon, Seasonally Adjusted



Indicators

Unemployment Rate (Seasonally Adjusted)

	Oregon	U.S.
Nov. 2005	5.8	5.0
Oct. 2005	5.9	5.0
Nov. 2004	7.2	5.4

Seasonally Adjusted Employment (Total Nonfarm Payroll Jobs)

	Oregon	U.S.
Nov. 2005	1,664,100	134,289,000
Oct. 2005	1,656,500	134,074,000
Nov. 2004	1,614,000	132,294,000

Change From

	Oregon	U.S.
Nov. 2004	50,100	1,995,000
% Change	3.1%	1.5%

Consumer Price Index (CPI)

(All Urban Consumers, 1982-84 = 100)

Portland-Salem, OR-WA	Index	Yearly Change
Jan.-June 2005	194.5	2.5%

Annual Average

2004	191.1	2.6%
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United States

Nov. 2005	195.4	3.5%
Annual Average 2004	188.9	2.7%



OREGON LABOR TRENDS

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