

W STATE OF IOWA ORKNET WORKFORCE DEVELOPMENT

FOURTH QUARTER 2004

Iowa Recovery Gains Traction in 2004

The key improvement in 2004 was the long-awaited pickup in net job growth. Strong hiring during the second half of the year reversed the state's economic circumstances, producing an annual increase in payroll employment for the first time since before the 2001 recession.

Last year's resurgence in durable goods manufacturing offered further assurance that the jobless recovery is in the past. All of the industries within durable goods increased employment from 2003 with the larger gains reflected in machinery and transportation equipment. Despite the recent turnaround in manufacturing, the state's job market continued to draw most of its strength from hiring that occurred in construction, finance, and education and health.

However, improved hiring conditions did little to alleviate unemployment. The state's labor force began to grow again in 2004, keeping unemployment close to the level reported for the previous year. The preliminary 2004 unemployment rate decreased slightly to 4.4 percent from the 2003 average of 4.5 percent, and translated into 71,600 unemployed workers.

State residents also experienced much higher inflation in 2004 according to the Labor Department's Consumer Price Index (CPI). The CPI rose to 3.3 percent in 2004, up from 1.9 percent in 2003. Energy costs, which jumped 16.6 percent last year were primarily responsible for the rise. The overall increase in the CPI for 2004 outpaced wage increases last year. Preliminary figures showed that average weekly earnings for Iowa's production workers were up 2.8 percent in 2004.

Job Outlook

The fact that the dollar is weakening, oil is stabilizing, and the uncertainty of the Presidential election is out of the way, should lead to an acceleration in employment in 2005. Companies across nearly every industry plan to add to their payrolls in 2005, building on the hiring momentum that started in 2004.

In manufacturing, indicators such as capacity utilization and industrial production continue to advance, while companies are once again increasing their investments. The positive outlook for export activity will also be a plus for the industry. Improving conditions abroad should promote expansion. Most of our trading partners, particularly those in Asia, experienced stronger growth during the second half of 2004.

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New methodologies to be implemented with the release of January 2005 labor force estimates

The third-generation model will result in lower employment and higher unemployment for the state

Beginning with the release of the January 2005 labor force data in early March, both the statewide and substate estimates will be based on new and improved methods. These changes are the result of various long-term research projects that were undertaken by the Bureau of Labor Statistics (BLS), U.S. Department of Labor, to improve the quality of the estimates. For over thirty years, the Bureau has operated a cooperative program with the State employment agencies to produce these data. The program, which is referred to as the Local Area Unemployment Statistics (LAUS) program, provides monthly estimates of the labor force, employment, unemployment, and the unemployment rate. In Iowa, these estimates will be available for approximately 131 areas in 2005.

Statewide Estimates

In 1989, the Bureau introduced a statistical model to derive the employment and unemployment estimates for the states. Initially, this approach was used for the 39 smaller states and the District of Columbia, but was subsequently extended to include the 11 larger states in 1996. These models relied heavily on monthly data from the Current Population Survey (household survey), as well as current nonfarm employment and unemployment insurance statistics.

In 1994, a second-generation modeling and benchmarking approach was introduced that reflected state-of-the-art methodology at the time. This model, which has been in use for the past ten years, resulted in an overestimation of employment and an underestimation of unemployment and the unemployment rate as compared to the national Current Population Survey (CPS) estimates. The move to the third-generation model should correct this problem.

The year 2004 was used as a dual estimation period during which the states compared the estimates from the current model against those derived from the new model. This was done to determine how much of an effect the new method will have on the states' labor force numbers. The results of this comparison indicated that Iowa's unemployment rate on the new method was on average 0.3 percent higher, while employment was about 22,000 lower.

When the new method is implemented with the calculation of the January 2005 labor force estimates, an historical series will be available back to 1976. The move to a "third-generation" model is expected to have several other benefits:

- State labor force estimates will sum to national estimates.
- Monthly error measures will be available.
- The model will directly yield seasonally adjusted estimates.
- Revisions at the end of the year will be smaller.
- Real-time benchmarking will capture shocks to the economy sooner (e.g., recessions, terrorist attacks).

For more detailed information visit:

<http://www.bls.gov/lau/stmodelsgen3.pdf>.

Local Area Estimates

In addition to the changes planned for the calculation of the statewide labor force estimates, refinements and updates will also be made to the “Handbook” method. This method has been used for many years to produce local employment and unemployment estimates without the expense of a large survey. The method uses a building block approach to estimate employment and unemployment, where categories of unemployed workers are classified by their previous status. The two broad categories of unemployed persons are: (1) those who were last employed in industries covered by State UI laws, and (2) those who either entered the labor force for the first time (new entrants) or reentered (reentrants) after a period of separation.

The following refinements and updates will be implemented with the 2005 local labor force data:

- New residency adjustment ratios, based on 2000 Census Commuting Patterns, will be used to adjust nonfarm employment from a place-of-work to a place-of-residence concept.
- The method for estimating new entrant and reentrant unemployed will be updated.
- 2000 Census data will be used to produce monthly agricultural employment, self-employment, unpaid family workers and private household workers.

Implementation of New and Revised Labor Areas

Beginning with data for 2005, the new and revised labor area definitions will be applied. These definitions were announced by the Office of Management and Budget (OMB) on June 6, 2003.

Metropolitan Statistical Areas (MSAs) are defined as areas that have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. Based on the 2000 Census, Ames is now officially a metropolitan statistical area. Seven of Iowa’s existing MSAs were revised to include additional counties, while the definition for the Dubuque MSA will remain unchanged. Both labor force and nonfarm employment will be available for the newly defined MSAs.

The Office of Management and Budget also announced new micropolitan statistical areas. The official definition of a micropolitan area is that it have at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. Iowa has fifteen of these newly designated areas. Only labor force data will be available for the micropolitan areas.

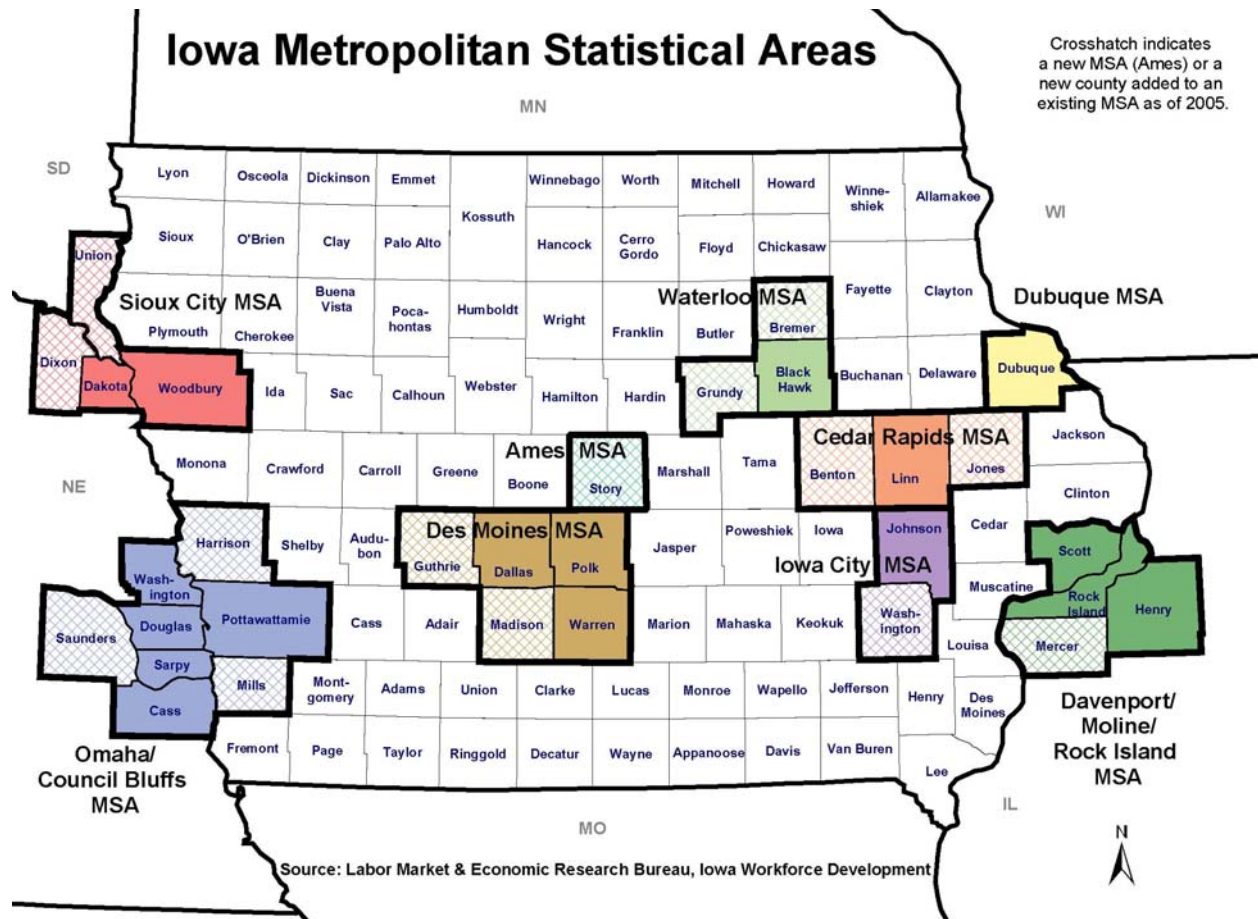
The list of Iowa metropolitan and micropolitan statistical areas and their populations is on the State Data Center web site at:

<http://www.silo.lib.ia.us/specialized-services/datacenter/>

The Handbook Method, which is used to produce local labor force estimates, will also be refined

New and revised labor area definitions will be applied in 2005

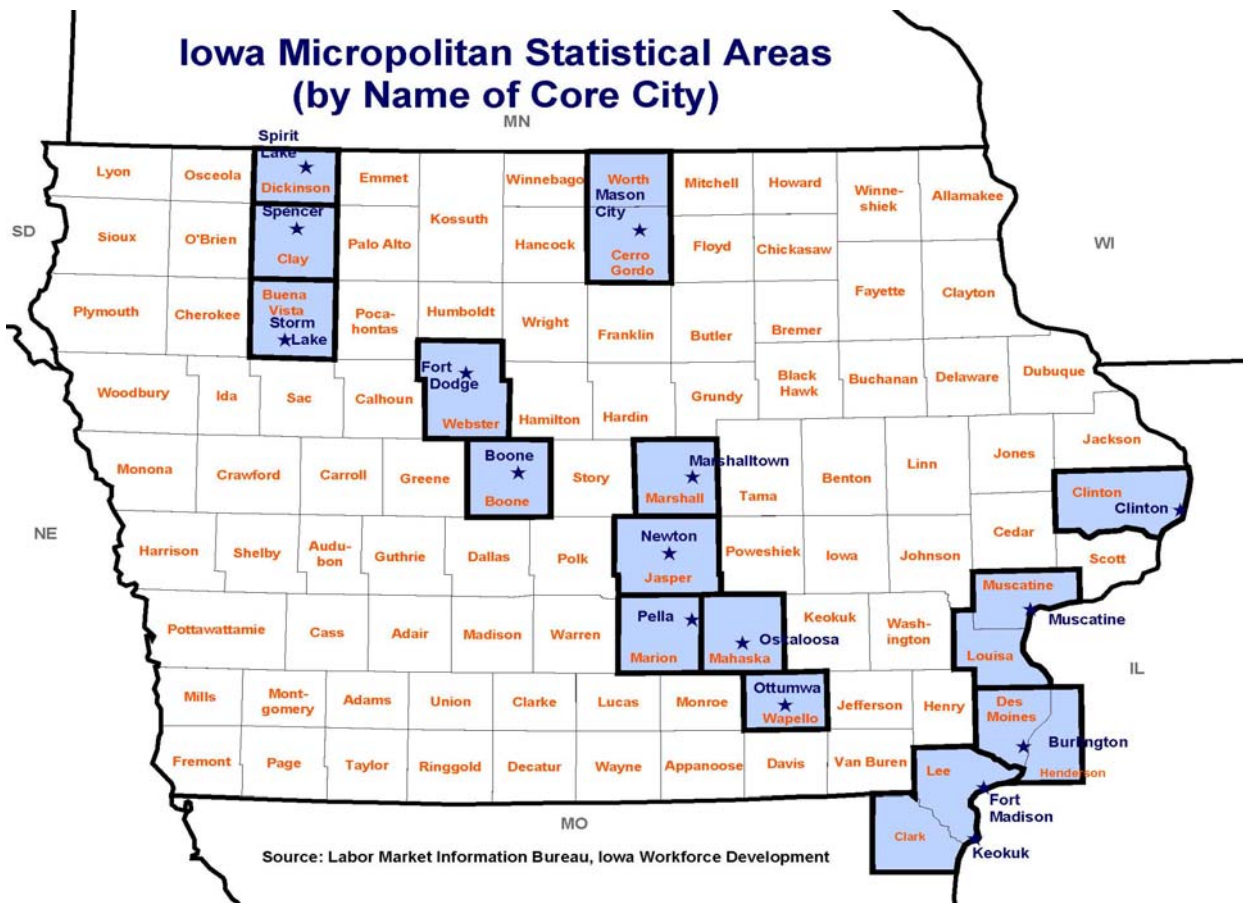
NEW & REVISED LABOR AREAS



Based on the new labor area definitions, Iowa has nine metropolitan statistical areas made up of twenty Iowa counties and eleven counties in other states:

- Ames, IA—Story County
- Cedar Rapids, IA—Benton County, Jones County, Linn County,
- Davenport-Moline-Rock Island, IA-IL—Henry County (IL), Mercer County (IL), Rock Island County (IL), Scott County (IA)
- Des Moines, IA—Dallas County, Guthrie County, Madison County, Polk County, Warren County
- Dubuque, IA—Dubuque County
- Iowa City, IA—Johnson County, Washington County
- Omaha-Council Bluffs, NE-IA—Harrison County (IA), Mills County (IA), Pottawattamie County (IA), Cass County (NE), Douglas County (NE), Sarpy County (NE), Saunders County (NE), Washington County (NE)
- Sioux City, IA-NE-SD—Woodbury County (IA), Dakota County (NE), Dixon County (NE), Union County (SD)
- Waterloo-Cedar Falls, IA—Black Hawk County, Bremer County, Grundy County

NEW & REVISED LABOR AREAS



Iowa has fifteen micropolitan statistical areas made up of seventeen Iowa counties and two counties in other states:

- Boone, IA—Boone County
- Burlington, IA-IL—Henderson County (IL), Des Moines County (IA)
- Clinton, IA—Clinton County
- Fort Dodge, IA—Webster County
- Keokuk-Fort Madison, IA-MO—Lee County (IA), Clark County (MO)
- Marshalltown, IA—Marshall County
- Mason City, IA—Cerro Gordo County, Worth County
- Muscatine, IA—Louisa County, Muscatine County
- Newton, IA—Jasper County
- Oskaloosa, IA—Mahaska County
- Ottumwa, IA—Wapello County
- Pella, IA—Marion County
- Spencer, IA—Clay County
- Spirit Lake, IA—Dickinson County
- Storm Lake, IA—Buena Vista County

U.S. EMPLOYMENT SITUATION

Labor Force Data (Seasonally Adjusted)

	Oct. 2004	Nov. 2004	Dec. 2004	Dec. 2003
Civilian Labor Force	147,893,000	148,313,000	148,203,000	146,808,000
Employed	139,827,000	140,293,000	140,156,000	138,409,000
Unemployed	8,066,000	8,020,000	8,047,000	8,399,000
Unemployment Rate	5.5%	5.4%	5.4%	5.7%

Historical Labor Force Series

	2000	2001	2002	2003	2004 ^P
Civilian Labor Force	142,583,000	143,734,000	144,863,000	146,510,000	147,369,000
Employed	136,891,000	136,933,000	136,485,000	137,736,000	139,220,000
Unemployed	5,692,000	6,801,000	8,378,000	8,774,000	8,149,000
Unemployment Rate	4.0%	4.7%	5.8%	6.0%	5.5%

^{P/} preliminary data

Unemployment Rates for Iowa and Neighboring States December 2004 (preliminary)

State	Rank	Rate
South Dakota	3	3.3%
Nebraska	8	3.6%
Minnesota	18	4.4%
Wisconsin	23	4.6%
IOWA	27	4.7%
Missouri	37	5.5%
Illinois	41	5.8%

*Consumer Price Indexes (All Items)**

US City Average	Dec. 2004	Nov. 2004	Dec. 2003	% Chg Dec. 2003 to Dec. 2004
1967 = 100	570.4	572.2	552.1	3.3%
1982-84 = 100	190.3	191.0	184.3	
1967 = 100	554.2	556.3	536.0	3.4%
1982-84 = 100	186.0	186.8	179.9	

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

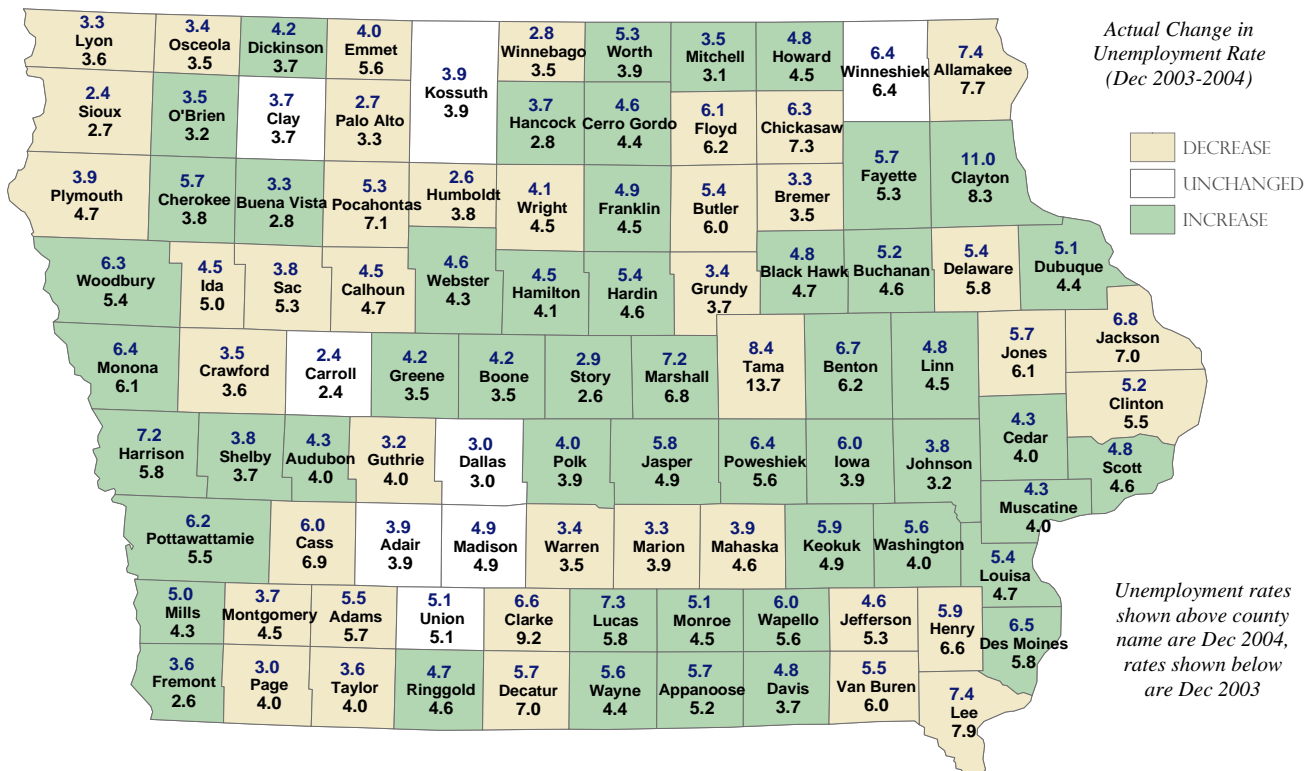
*The Consumer Price Index for All Urban Consumers (CPI-U) extends coverage to such groups as salaried workers, the self-employed, retirees, and the unemployed. The index covers approximately 80 percent of the total noninstitutional civilian population of the United States. The CPI for Urban Wage Earners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

IOWA EMPLOYMENT SITUATION

Statewide and Local Labor Force Data

State of Iowa	Oct. 2004	Nov. 2004	Dec. 2004	Dec. 2003
Labor Force	1,635,600	1,631,700	1,630,200	1,600,200
Unemployed	79,300	77,500	76,700	73,500
Percent Unemployed	4.8%	4.8%	4.7%	4.6%
Employed	1,556,300	1,554,200	1,553,500	1,526,700

Unemployment Rates per Iowa Counties - December 2003 and 2004



Source: Labor Market Information, Iowa Workforce Development

Metropolitan Statistical Area Data - December 2004

MSA	Labor Force	Employed	Unemployed	Rate
	Cedar Rapids	116,200	110,700	5,600
Des Moines	281,200	270,300	10,900	3.9
Dubuque	51,400	48,800	2,600	5.1
Iowa City	76,700	73,800	2,900	3.8
Sioux City	62,900	59,100	3,700	6.0
Waterloo-Cedar Falls	74,300	70,700	3,600	4.8
*Davenport-Moline-Rock Island	187,300	178,300	9,000	4.8
**Omaha	417,500	400,500	17,100	4.1

Source: Labor Market Information Bureau, Iowa Workforce Development

* Prepared by Illinois Department of Employment Security

** Prepared by Nebraska Department of Labor

IOWA NONFARM EMPLOYMENT

Fourth-quarter payroll data 10,900 higher than one year ago

Average weekly earnings in private sector higher than one year ago, mostly due to increases in the service-producing industries

Statewide Nonfarm Employment

Seasonally adjusted nonfarm employment in Iowa stood at 1,456,300 during fourth quarter 2004, 6,700 more than in third quarter 2004. Significant gains were noted in trade and transportation, construction, financial activities, government, and professional and business services.

The largest single increase during the quarter occurred in trade and transportation, which was up by 2,100 from third quarter. Construction added 1,100 new jobs, while financial activities increased by 500; government grew by 400, while professional and business services was up by 300. There were no declines among published industrial sectors between third and fourth quarters.

Compared to fourth quarter 2003, nonfarm employment is 10,900 higher, with the largest single increase of 4,600 occurring in financial activities. Education and health services added 3,800 new jobs over the year, construction is up by 2,400, and manufacturing is 1,400 higher. On the other hand, government is down by 2,200 from a year ago, trade and transportation is 600 lower, and information is down by 400.

Hours and Earnings

Workers in Iowa's private sector earned \$459.86 a week during fourth quarter 2004, \$12.75 a week more than in fourth quarter 2003. The increase was the result of a gain of 43 cents in average hourly earnings, which more than offset a decline of six minutes in the average workweek.

The nonfarm gain was due mainly to increased earnings in the service-producing sector. Weekly earnings among service-producing industries were up by \$13.94 over the year due to an increase of 46 cents in average hourly earnings; the service-producing average workweek was unchanged at 30.3 hours. Weekly earnings in the goods-producing sector were also up slightly; workers in the sector earned an average of \$690.14 a week during fourth quarter 2004, \$3.86 a week more than in fourth quarter 2003.

Within the goods-producing sector, the mining industry recorded the largest over-the-year gain in weekly earnings—an increase of \$74.43—while workers in construction earned \$11.38 a week more, and those in manufacturing earned just 99 cents a week more during fourth quarter 2004.

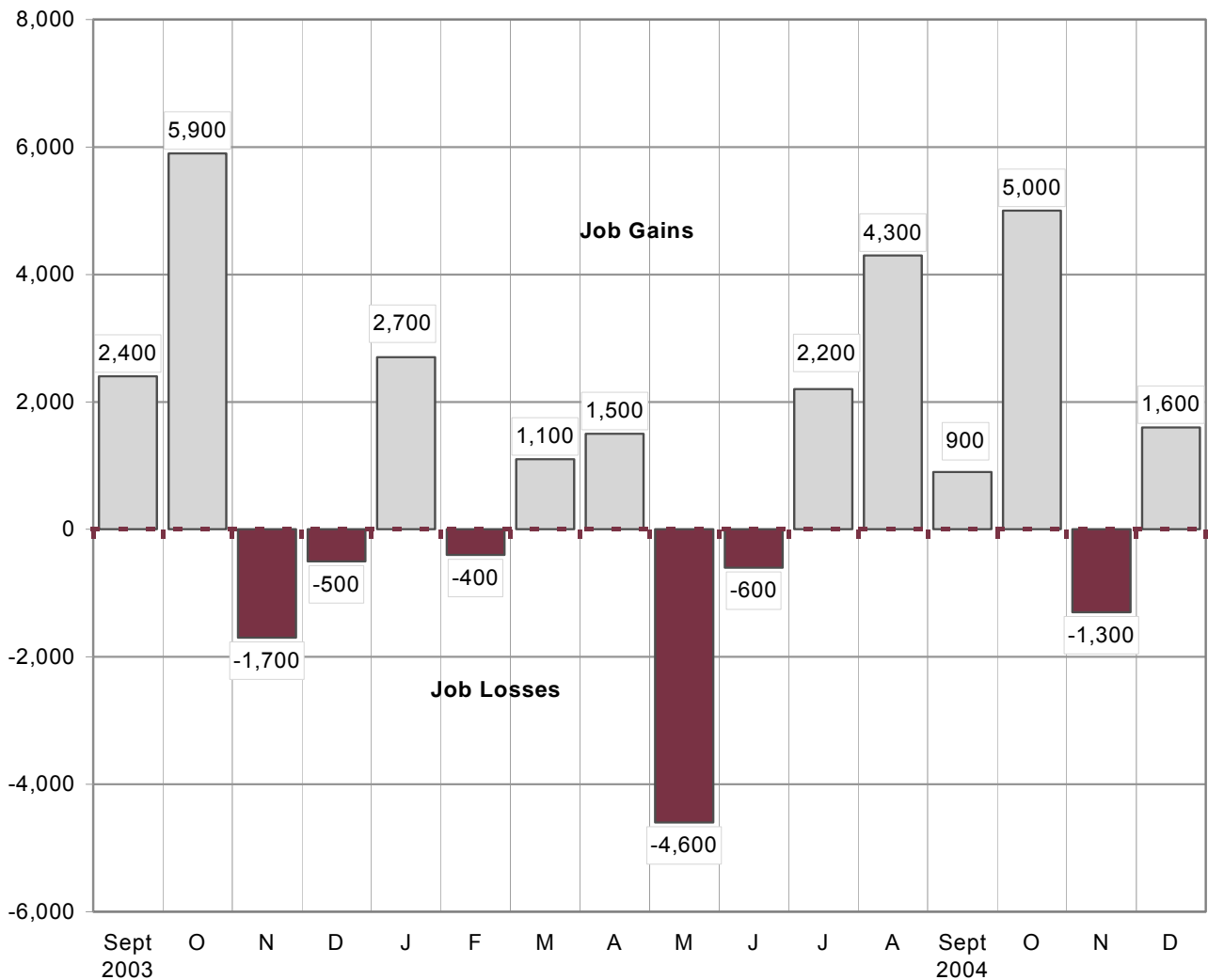
Statewide Nonfarm Employment (Seasonally Adjusted)

	Oct. 2004	Nov. 2004	Dec. 2004	4th Qtr 2004 Avg	4th Qtr 2003 Avg	Change 4th Qtr 2003 4th Qtr 2004	Net Change
Total Nonfarm	1,456,600	1,455,300	1,456,900	1,456,300	1,445,400	10,900	
Construction	67,800	67,800	69,300	68,300	65,900	2,400	
Manufacturing	221,100	221,000	220,700	220,900	219,500	1,400	
Trade & Transportation	302,800	303,100	303,300	303,100	303,600	-500	
Information	32,800	33,100	33,400	33,100	33,500	-400	
Financial Activities	100,900	100,800	101,000	100,900	96,300	4,600	
Professional & Business Svcs	105,000	105,000	105,400	105,100	105,000	100	
Education & Health Svcs	193,600	194,100	194,300	194,000	190,200	3,800	
Government	244,000	243,800	243,400	243,700	245,900	-2,200	

Source: Bureau of Labor Statistics, Current Employment Statistics

IOWA NONFARM EMPLOYMENT

*Seasonally Adjusted Nonfarm Employment
September 2003—December 2004*



Nonfarm employment in the state increased by 16,100 jobs from September 2003 to December 2004. The second half of 2004 reflected the most consistent pattern of job growth since the 2001 recession ended. The strongest job growth for 2004 occurred during October with a gain of 5,000 jobs.

CEDAR RAPIDS MSA

Cedar Rapids MSA Nonfarm Employment (Linn County)

Employment by Industry	Oct 2004	Nov 2004	Dec 2004	Dec 2003	Net Change Dec 03 to Dec 04
Total Nonfarm Employment	117,300	117,500	117,100	118,100	-1,000
Goods-Producing	22,900	22,600	21,900	23,500	-1,600
Manufacturing	17,200	17,100	17,000	17,600	-600
Natural Resources & Construction	5,700	5,500	4,900	5,900	-1,000
Service-Providing Industries	94,400	94,900	95,200	94,600	600
Trade, Transportation	24,600	25,300	25,400	26,100	-700
Information	5,600	5,600	5,600	5,600	0
Financial Activities	9,900	9,900	9,900	9,200	700
Professional and Business	10,100	9,900	10,200	11,100	-900
Educational and Health	16,900	17,100	17,000	16,600	400
Leisure and Hospitality	9,900	9,700	9,800	8,800	1,000
Other Services	4,700	4,700	4,700	4,600	100
Government	12,700	12,700	12,600	12,600	0
<i>Federal Government</i>	1,100	1,100	1,200	1,200	0
<i>State Government</i>	500	500	500	500	0
<i>Local Government</i>	11,100	11,100	10,900	10,900	0

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

Leisure and Hospitality exhibited the largest increase, adding 1,000 jobs from December 2003 to December 2004

What's New In The Cedar Rapids MSA?

- Professional and business services lost 200 jobs in November and gained 300 jobs in December. However, the industry is down 1,300 from the previous year. Most of the job loss occurred in temporary help services and is likely to be temporary.
- Manufacturing employment edged down throughout fourth quarter 2004, ending at 17,000, down 400 from the quarterly average one year ago.
- Employment in leisure and hospitality remained virtually unchanged through the quarter, although the sector showed a gain of 900 from fourth quarter average in 2003.
- Although employment in financial activities remained unchanged for the quarter, the quarterly average is 700 higher than a year ago.

Metropolitan Statistical Areas (MSAs)

DES MOINES MSA

Des Moines MSA Nonfarm Employment (Dallas, Polk, and Warren Counties)

Employment by Industry	Oct 2004	Nov 2004	Dec 2004	Dec 2003	Net Change Dec 03 to Dec 04
Total Nonfarm Employment	298,800	300,200	298,300	288,600	9,700
Goods-Producing	37,700	37,300	36,000	32,600	3,400
Manufacturing	20,200	20,300	20,000	18,000	2,000
Natural Resources & Mining	200	200	200	200	0
Construction	17,300	16,800	15,800	14,400	1,400
Service-Providing Industries	261,100	262,900	262,300	256,000	6,300
Trade, Transportation	62,800	64,200	64,200	63,100	1,100
Information	9,100	9,200	9,200	9,400	-200
Financial Activities	46,000	46,100	46,300	45,400	900
Professional and Business	30,400	30,600	30,300	30,400	-100
Educational and Health	38,400	38,900	38,600	36,600	2,000
Leisure and Hospitality	22,300	21,800	21,800	22,000	-200
Other Services	12,300	11,900	12,100	11,400	700
Government	39,800	40,200	39,800	37,700	2,100
<i>Federal Government</i>	<i>5,200</i>	<i>5,200</i>	<i>5,300</i>	<i>5,400</i>	<i>-100</i>
<i>State Government</i>	<i>8,200</i>	<i>8,300</i>	<i>8,300</i>	<i>8,200</i>	<i>100</i>
<i>Local Government</i>	<i>26,400</i>	<i>26,700</i>	<i>26,200</i>	<i>24,100</i>	<i>2,100</i>

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

What's New In The Des Moines MSA?

- Nonfarm employment in the Des Moines MSA increased appreciably from fourth quarter 2003 to the same quarter 2004, adding 9,700 jobs over the year.
- Construction showed seasonal decreases over the quarter. However, despite seasonal decreases, construction demonstrated a significant upward trend, increasing more than 6,100 since October 1990.
- Retail trade helped push total employment upwards, adding 2,200 jobs from one year ago, and adding 1,400 during the quarter.
- Manufacturing decreased slightly during fourth quarter, though the sector displayed noteworthy gains over the year, adding 2,000 jobs.

**Construction has
 been steadily gaining
 employment, adding
 6,100 since October
 1990**

Metropolitan Statistical Areas (MSAs)

DUBUQUE MSA

Dubuque MSA Nonfarm Employment (Dubuque County)

Employment by Industry	Oct 2004	Nov 2004	Dec 2004	Dec 2003	Net Change Dec 03 to Dec 04
Total Nonfarm Employment	53,200	53,400	53,000	52,600	400
Goods-Producing	12,000	12,000	11,700	11,400	300
Natural Resources & Construction	2,600	2,600	2,400	2,300	100
Manufacturing	9,400	9,400	9,300	9,100	200
Service-Providing Industries	41,200	41,400	41,300	41,200	100
Trade, Transportation	11,200	11,600	11,400	11,800	-400
Information	1,800	1,800	1,800	1,800	0
Financial Activities	2,500	2,500	2,500	2,300	200
Professional and Business	3,400	3,300	3,300	3,500	-200
Educational and Health	10,300	10,300	10,400	10,100	300
Leisure and Hospitality	5,200	5,100	5,100	5,000	100
Other Services	2,500	2,500	2,600	2,500	100
Government	4,300	4,300	4,200	4,200	0
<i>Federal Government</i>	300	300	300	300	0
<i>State Government</i>	200	200	200	200	0
<i>Local Government</i>	3,800	3,800	3,700	3,700	0

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

The largest over-the-year gain occurred in Education and Health Services, which added 300 jobs over the year

What's New In The Dubuque MSA?

- Dubuque's average total nonfarm employment for the fourth quarter was 53,200, just 600 above the same period in 2003.
- The greatest over-the-quarter change occurred in retail trade which realized a seasonal gain of 400 in November in preparation for the holiday shopping season. The industry then rounded out the quarter with a loss of 100 in December. Overall, the fourth quarter average was 400 below that of fourth quarter 2003.
- Natural resources and construction was unchanged from October to November, but had a seasonal decrease of 200 in December. The industry remains 100 above the same period in 2003.

Metropolitan Statistical Areas (MSAs)



IOWA CITY MSA

Iowa City MSA Nonfarm Employment (Johnson County)

Employment by Industry	Oct 2004	Nov 2004	Dec 2004	Dec 2003	Net Change Dec 03 to Dec 04
Total Nonfarm Employment	77,200	77,600	77,100	79,000	-1,900
Goods-Producing	7,900	7,900	7,700	7,900	-200
Natural Resources & Construction	2,800	2,800	2,600	2,600	0
Manufacturing	5,100	5,100	5,100	5,300	-200
Service-Providing Industries	69,300	69,700	69,400	71,100	-1,700
Trade, Transportation	13,900	13,900	14,000	14,000	0
Information	2,300	2,300	2,300	2,500	-200
Financial Activities	2,900	2,900	2,900	2,700	200
Professional and Business	4,700	4,700	4,500	4,800	-300
Educational and Health	7,300	7,300	7,300	7,500	-200
Leisure and Hospitality	6,800	6,800	6,600	6,700	-100
Other Services	1,900	1,900	1,900	1,800	100
Government	29,500	29,900	29,900	31,100	-1,200
<i>Federal Government</i>	<i>1,600</i>	<i>1,600</i>	<i>1,600</i>	<i>1,600</i>	<i>0</i>
<i>State Government</i>	<i>23,800</i>	<i>24,100</i>	<i>24,200</i>	<i>25,200</i>	<i>-1,000</i>
<i>Local Government</i>	<i>4,100</i>	<i>4,200</i>	<i>4,100</i>	<i>4,300</i>	<i>-200</i>

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

What's New In The Iowa City MSA?

- Trade, transportation and warehousing showed mild gains in November and December, and then returned to the September 2004 level. However, employment has been trending upward, nearly doubling since 1990. The most significant increases occurred in long-distance trucking and general warehousing.
- Professional and business services showed no change from October to November; however the drop of 200 in December matches the over-the-year decrease.
- Total nonfarm employment gained slightly in November then fell by 500 in December. However the decrease was comprised of primarily seasonal decreases.

**Trade,
 Transportation, and
 Warehousing has
 nearly doubled
 employment since
 1990**

Metropolitan Statistical Areas (MSAs)

SIoux CITY MSA

Sioux City MSA Nonfarm Employment (Woodbury County IA and Dakota County, NE)

Employment by Industry	Oct 2004	Nov 2004	Dec 2004	Dec 2003	Net Change Dec 03 to Dec 04
Total Nonfarm Employment	61,900	62,100	61,300	61,900	-600
Goods-Producing	13,700	13,800	13,500	13,600	-100
Natural Resources & Construction	3,200	3,200	3,000	2,900	100
Manufacturing	10,500	10,600	10,500	10,700	-200
Service-Providing Industries	48,200	48,300	47,800	48,300	-500
Trade, Transportation	13,500	13,600	13,500	13,800	-300
Information	800	800	800	800	0
Financial Activities	3,100	3,100	3,100	3,000	100
Professional and Business	4,400	4,400	4,400	4,600	-200
Educational and Health	10,400	10,500	10,200	9,800	400
Leisure and Hospitality	6,100	6,000	6,000	5,900	100
Other Services	2,400	2,400	2,400	2,400	0
Government	7,500	7,500	7,400	8,000	-600
<i>Federal Government</i>	900	900	900	900	0
<i>Local Government</i>	6,100	6,100	6,000	6,600	-600
<i>Local Government Education</i>	4,000	4,100	4,000	4,000	0

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

**Health Care and
 Social Assistance
 increased by 400
 after a few months
 of employment**

What's New In The Sioux City MSA?

- Total nonfarm employment for fourth quarter 2004 is 0.8 percent (500) below the fourth quarter 2003 level. Layoffs across multiple industries greatly affected employment levels when compared to the same quarter last year.
- Manufacturing was affected by a few layoffs in the area that pushed employment down. Although employment is still on a downward trend, losses are tapering off.
- Trade, transportation and warehousing lost employment compared to fourth quarter 2003, down 400. Retail and wholesale trade did not meet the holiday seasonal gains attained in previous years.
- A large layoff in the telemarketing sector caused professional and business services to decline by 4.4 percent.
- Health care and social assistance increased by 400 after a few months of employment decreases.
- Local government is down 600 over the year, mostly caused by the seasonal decreases starting sooner than in previous years.

Metropolitan Statistical Areas (MSAs)

WATERLOO MSA

Waterloo MSA Nonfarm Employment (Blackhawk County)

Employment by Industry	Oct 2004	Nov 2004	Dec 2004	Dec 2003	Net Change Dec 03 to Dec 04
Total Nonfarm Employment	76,900	77,000	76,400	74,100	2,300
Goods-Producing	17,000	17,200	16,900	16,600	300
Natural Resources & Construction	3,000	3,000	2,800	2,700	100
Manufacturing	14,000	14,200	14,100	13,900	200
Service-Providing Industries	59,900	59,800	59,500	57,500	2,000
Trade, Transportation	14,600	14,800	14,800	14,700	100
Information	1,100	1,100	1,100	1,000	100
Financial Activities	3,800	3,800	3,800	3,600	200
Professional and Business	7,300	7,400	7,100	6,300	800
Educational and Health	10,400	10,400	10,300	10,000	300
Leisure and Hospitality	6,500	6,400	6,400	6,100	300
Other Services	2,900	2,800	2,800	2,800	0
Government	13,300	13,100	13,200	13,000	200
<i>Federal Government</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>0</i>
<i>State Government</i>	<i>5,600</i>	<i>5,600</i>	<i>5,600</i>	<i>5,600</i>	<i>0</i>
<i>Local Government</i>	<i>7,200</i>	<i>7,000</i>	<i>7,100</i>	<i>6,900</i>	<i>200</i>

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

What's New In The Waterloo MSA?

- Total Nonfarm Employment in the Waterloo/Cedar Falls MSA dropped 600 in December following a November gain of 100. The fourth quarter average is 2,900 above fourth quarter 2003.
- The greatest portion of the December loss was attributable to a decrease in professional and business services.
- Natural resources and construction remained unchanged from October to November before suffering a seasonal loss of 200 in December. The December loss equaled that seen in the same period over the last five years.

**Professional and
Business Services
was the largest
contributor to
employment loss
from November to
December**

Metropolitan Statistical Areas (MSAs)

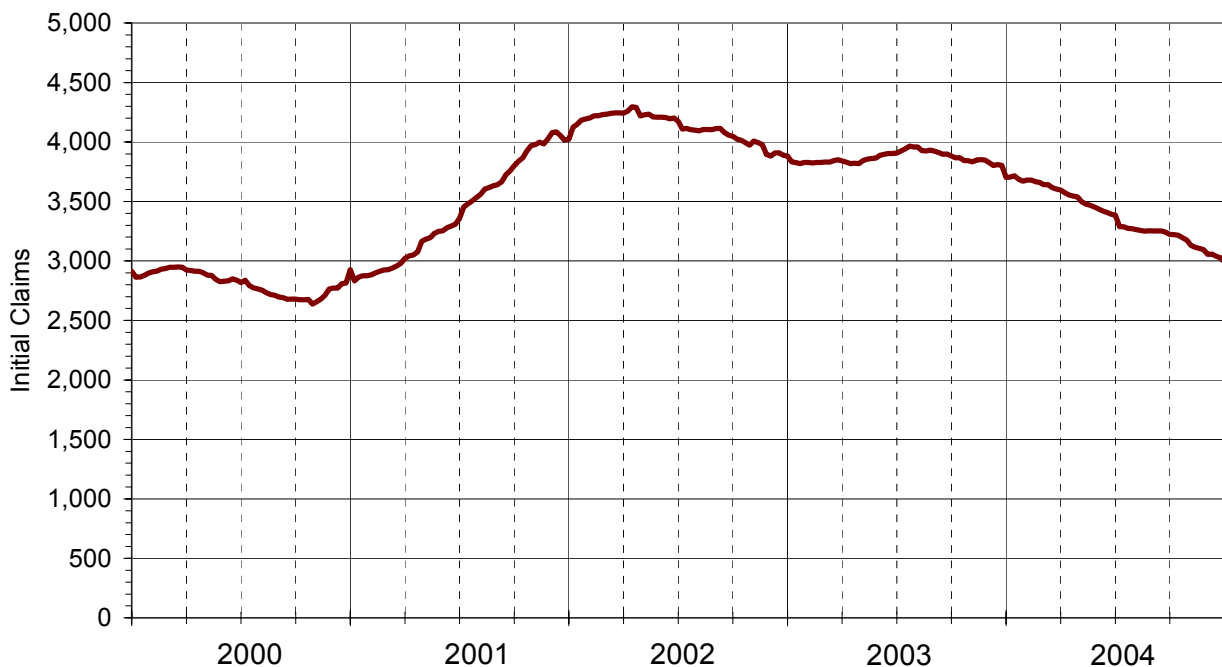
UNEMPLOYMENT INSURANCE

Unemployment Insurance Financial Activity

Regular Unemployment Insurance (UI)				
Item	Quarter Ending:		Twelve Months Ending:	
	Dec. 2004	Dec. 2003	Dec. 2004	Dec. 2003
Benefits Paid (\$)	62,055,557	80,125,157	312,492,801	381,483,335
Weeks Compensated	247,553	323,262	1,253,028	1,532,402
First Payments	21,212	27,580	88,976	113,570
Final Payments	5,712	8,396	26,896	33,690
Average Benefit per First Payment (\$)	-----	-----	3,512.10	3,359.02
Average Weekly Benefit (\$)	250.68	247.86	249.39	248.94
Average Duration	-----	-----	14.1	13.5
Exhaustion Rate	-----	-----	27.1%	30.2%

Temporary Emergency Unemployment Compensation (TEUC)				
Item	Quarter Ending:		Twelve Months Ending:	
	Dec. 2004	Dec. 2003	Dec. 2004	Dec. 2003
Benefits Paid (\$)	0	19,217,262	7,079,876	73,829,284
Weeks Compensated	0	79,571	29,692	307,558
First Payments	0	8,033	330	31,738
Final Payments	0	5,377	3,539	20,075
Average Weekly Benefit (\$)	-----	241.51	238.44	240.05

Initial Claims For Unemployment Insurance
 Regular State UI Program (Excludes Transitional Claims)
 52 Week Moving Average



QUARTERLY INDUSTRY REVIEW

Western Iowa

*Two companies
cease operations in
Council Bluffs*

*Corporate offices for
Chief Automotive
Systems locates in
Council Bluffs*

*FedEx to build
distribution center in
Council Bluffs*

*Beef jerky
manufacturer brings
107 new jobs to
Laurens*

*Advance Brands
expands in Orange
City*

*Plant closes in Sioux
City eliminating 40
jobs*

Council Bluffs

- The inability to expand, the fact that the facility was older and the plant only produced one product were three reasons cited by a Frito-Lay spokesperson for the closing of the Council Bluffs facility. The plant was gradually phased out through October.
- Tough economic times have forced Continental Finishing Inc. to close its doors. The business, located at 2300 S. 32nd St. in Council Bluffs, provided cutting, folding, perforating, binding and shrink-wrapping services to more than 100 customers in the printing industry. Continental Finishing Inc. began operating in 1998 and will cease operations at the end of 2004.
- The Iowa Department of Economic Development has announced approval of a \$135,000 partially forgivable loan to Chief Automotive Systems for locating their corporate offices in Council Bluffs and creating 15 jobs that pay an average of \$37.85 an hour. The company provides equipment for the collision repair industry.
- The Iowa Department of Economic Development has approved \$89,000 in corporate income tax credits for a proposed \$6.5 million FedEx ground distribution center in Council Bluffs. FedEx would combine and expand operations now housed in smaller leased facilities in Omaha and Carter Lake. The company was expected to make a decision about the project in October. FedEx has 54 full-time and 48 part-time positions in Omaha and Carter Lake and would add 22 full-time and 72 part-time jobs.

Laurens

- The City of Laurens has applied for a \$500,000 Iowa Department of Economic Development grant to bring a beef jerky manufacturer to town along with 107 new jobs.

Link Snacks, Inc., of Minong, Wis., has proposed setting up a warehouse and distribution center in the vacant Fleming Co. Inc. building.

Orange City

- Advance Brands, located in Orange City, has announced its plans to build an \$11.5 million expansion to its production facility. The company manufactures and distributes convenience meat products to retail outlets, and currently employs 500 people. An additional 120 jobs will come with the expansion.

Sioux City

- Sioux City is losing some jobs. Solar Plastics, based in Minneapolis, Minnesota, plans to close its plant in Sioux City in about a month, eliminating about 40 jobs. The Sioux City plant acquired in 1976, makes plastic components for farm and industrial equipment. It currently

QUARTERLY INDUSTRY REVIEW

employs more than 200 people at its corporate offices and plants in Minnesota, Sioux City and Davenport.

Storm Lake

- Marketlink of Storm Lake will add 12 full-time phone representative positions in January along with a new supervisory position. According to Bob Beaman, sales director, the company is seeing a definite upswing in their business.

Central Iowa

Des Moines

- The Iowa Department of Economic Development has awarded a Community Economic Betterment Account grant to Bay TSP, Inc. and the City of Des Moines. The grant includes a \$400,000 forgivable loan and a \$400,000 loan at 0% for seven years with two years deferred payment and up to \$800,000 royalty payment if share value increases as a result of (a) the closing of a firmly underwritten initial public offering, or (b) a sale of all or substantially all of Bay TSP's business or businesses' assets, or (c) a merger between Bay TSP and another company. The grant will allow the company to create 75 jobs.

Estherville & Humboldt

- C-Tech Industries (Hotsy Holdings Corp.), a manufacturer of industrial pressure washers, plans to consolidate its North American factories. As a result, two Iowa C-Tech factories will be closed. A Humboldt factory with 40 workers will close by July 2005 and a detergent factory with seven employees in Estherville will close by December 2005.

Knoxville

- Five Star Industries Inc. and the City of Knoxville have been awarded a Community Economic Betterment Account grant from the Iowa Department of Economic Development. The grant includes a \$150,000 forgivable loan and a \$50,000 loan at 0% for five years for the retention of 19 jobs and the creation of an additional 25 jobs.

Lake Mills

- The Iowa Department of Economic Development has awarded Fleetguard Mfg. and the City of Lake Mills a \$200,000 forgivable loan and a \$121,000 loan at 0% for five years for the retention of 45 jobs and creation of 107 new jobs.

Nevada

- The Iowa Department of Economic Development has announced approval of a \$400,000 partially forgivable loan to Lincolnway Energy in Nevada for construction of a \$75.8 million ethanol plant.

Newton

- Maytag's reorganization hit Newton salaried workers again as approximately 40 employees at the company's production facility were notified October 14 of their separation with the corporation.

Marketlink of Storm Lake sees upswing in business

Consolidation efforts close plants in Humboldt and Estherville

Forgivable and low interest loans allow several Iowa cities and businesses to retain and add jobs

More salaried workers laid off at Maytag in Newton

QUARTERLY INDUSTRY REVIEW

Forgivable loan allows Newton company reopen after fire

Newton needs to slash 11 percent of city budget

Story City plant employs 41 workers at \$14 an hour

200 laid off in Webster City company

Bloomfield sawmill business closes doors

30 employees expected to be laid off at Cedar Rapids Cryovac company

Cedar Rapids company expands in Manchester

- The Vernon Company will receive a \$200,000 forgivable loan to rebuild and modernize, helping it to retain 52 jobs in Newton.

An October 17 fire at the Vernon Company, a fourth generation family-owned manufacturer of promotional specialties, destroyed its finishing operation and forced the layoff of 52 workers. The investment will allow the company to move to a 40,000-square-foot building near its current Newton plant and upgrade production.

- The City of Newton is projecting a revenue shortfall of nearly \$1 million in 2005-2006, forcing officials to eliminate between 15 and 20 full-time positions. City administrator David Schnorack told city department directors they will need to slash 11 percent of their budgets for the next fiscal year.

Story City

- M.H. Eby Inc. of Blue Ball, PA will receive a \$200,000 forgivable loan for a \$1.9 million manufacturing facility in Story City, according to the Iowa Department of Economic Development. Eby plans to make livestock semi-trailers at the plant and employ 41 workers who will be paid \$14 an hour. The project award comes from a federally funded program for rural development.

Webster City

- About 200 Electrolux workers, or about 10 percent of the plant's employees, were notified that they were temporarily laid off in October due to a soft market for washers and dryers. President Joe Casey pointed out that at least 70 employees were laid off October 4. Another 130 employees were notified that they would be laid off on October 18.

Eastern Iowa

Bloomfield

- Midwest Stave of Bloomfield shut its doors for the second time this year on November 3. The company recently closed and laid off around 25 employees because of decisions made by its parent company, Seguin Moreau of France. The parent company has decided that they no longer wish to be in the sawmill business.

Cedar Rapids

- Cryovac's Cedar Rapids operation will reduce its workforce under a restructuring announced by parent company Sealed Air Corp. The company did not reveal how many employees would be laid off. Cryovac employees in Cedar Rapids said they expected about 10 percent of the local work force, or about 30 employees, to be laid off in late November.
- Bradco, based in Delhi and owned by Paladin in Cedar Rapids, plans to expand into a 30,000-square-foot building in Manchester. Bradco currently employs about 175 people and will add about 15 more when it opens its Manchester facility in early January. The company makes parts and attachments for construction equipment.

QUARTERLY INDUSTRY REVIEW

- Rockwell Collins will lease a new building in Cedar Rapids to expand and add 47 jobs. The move will provide room for up to 250 employees, including the new jobs. Rockwell Collins expects to move into the building by the fall of 2005.
- Lowe's Companies Inc. of Mooresville, N.C., wants to construct a 116,000 square-foot store and garden center in Cedar Rapids. The store, which will employ between 100 and 150, will be located by Wal-Mart. Lowe's Companies Inc. is the second-largest home improvement retailer in the nation.

Dubuque

- Prudential Retirement appears poised for major growth in Dubuque. The financial services company is looking to add 69 positions during the next three years at its downtown complex. The plan, which requires city and state assistance, goes before the Dubuque City Council tonight. "I think it is a good move. Prudential is obviously the pillar of the market," said council member Pat Cline, voicing her support for the expansion plan.
- A Dubuque-based tele-services provider is blaming the national do-not-call registry for its decision to close one Iowa call center, trim payrolls and freeze wages. Advanced Data-Comm confirmed it has cut 13 positions from its Dubuque headquarters and will close its Monona call center next month, eliminating 50 jobs.

Elkader

- E-Ject Systems of Elkader, which makes heavy construction equipment, will get about \$542,000 in aid through state programs for expansion projects expected to create 22 jobs. The jobs are expected to pay an average of \$15.40 an hour, more than \$5 more than the Clayton County average wage.

Keokuk

- Employees at Keokuk's Osco Drug were told last Thursday the 35-year-old store in the River City Mall is closing January 5, 2005. The store is the last retailer remaining in the mall and sales have declined in the last few years. The store employs 15 associates.

Manchester

- Laddawn Inc., based in Sterling, Mass., makes bags and plastic sheeting which it distributes throughout the United States. In order to get its product to Midwestern and western destinations more quickly, the company decided it needed a new plant. They have selected a building in Manchester where Tredegar Mfg. formerly made similar products. Ladd Lavallo, company co-president, said he hopes to begin manufacturing early next summer. Initially, the company will be looking for 15 to 20 employees, but expansion is expected.

Monona

- A Dubuque-based tele-services provider is blaming the national do-not-

Rockwell Collins expands in Cedar Rapids

Lowe's home improvement to locate in Cedar Rapids

Dubuque company poised to expand

E-Ject Systems of Elkader expected to add 22 jobs

Osco Drug closes in Keokuk

Massachusetts-based company makes plans to open plant in Manchester

QUARTERLY INDUSTRY REVIEW

**Monona tele-services
blames do-not-call
registry for close**

**45 new job created in
Monticello**

call registry for its decision to close one Iowa call center, trim payrolls and freeze wages. Advanced Data-Comm confirmed it has cut 13 positions from its Dubuque headquarters and will close its Monona call center next month, eliminating 50 jobs.

Monticello

- The Iowa Department of Economic Development has awarded Energy Manufacturing Co. Inc. and the City of Monticello a \$67,500 forgivable loan and a \$67,500 loan at 0% for five years for the creation of 45 new jobs.

Contact Information



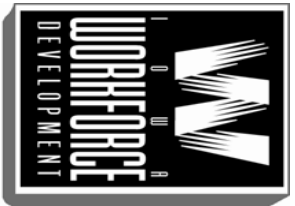
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For additional labor market information, visit
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Equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

Source:

Unverified public
announcements,
newspapers, and periodicals
[data from third quarter]



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