

Employment Outlook for Ames and Surrounding Counties, June 2012
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Job Growth in Central Iowa

In April, 2012, there were 49,700 employees in the Ames metropolitan area which encompasses all of Story County. This is the highest level of employment ever for the Ames metro, remarkable given the weak recovery that has left employment for the U.S. as a whole 3% below its prerecession peak. The recent growth in the Ames economy follows a decade of stagnation and appears to signal the long-awaited expansion of its private sector. I will provide the details that lead to that conclusion later in the report.

First, I will review the relative progress of counties in the Ames vicinity. Figure 1 reports the time paths of March employment levels between 1990 to 2012. All series were normalized to one in 2000 so the height of each line in 2012 will yield the percentage employment change in the county since 2000. For reference, employment for the U.S. economy grew 3.7% since March 2000, a historically slow rate of growth that nevertheless exceeded the negligible employment growth for the state of Iowa over the period. While Iowa has weathered the recession better than the U.S. as a whole, it had failed to add workers prior to the recession at the pace of other states.

As is apparent in Figure 1, since 2000, Polk County has been the most successful at attracting new jobs, and has been adding employees faster than the U.S. average. Boone County kept pace in the first third of the decade, but gave back all job gains in the recession. Hardin and Hamilton Counties lost jobs in the first half of the decade, but Hardin had stabilized employment levels before the recession. Hamilton continued job losses even before the recession. All counties experienced sharp job losses in 2008. Iowa as a whole and Polk and Story Counties began recovering lost jobs in 2010. Boone and Hardin Counties started their recoveries a year later. However, Hamilton County has continued to lose jobs at almost 5% per year and had lost one-third of its turn-of-the-century employment level by March 2012. By that time, the other mid-Iowa counties were near or past their pre-recession employment levels.

Hamilton County has been hammered by the closing of the Electrolux plant and its aftermath. The effects are most apparent in Figures 2 and 3 that show private sector manufacturing and construction and government jobs.¹ Figure 2 shows that Hamilton County lost 2/3 of its goods producing jobs since 2000 with six straight years of job losses. The loss of over 1,900 manufacturing and construction jobs has seriously eroded the capacity to offer other services in the county, as evidenced by the loss of 12% of the government jobs in the county. The other counties have seen some recovery of lost government jobs as their private sectors have also rebounded.

¹ I have to use December figures here because of reporting lags for the more detailed employment figures for the smaller counties.

Details on the Ames Expansion

As of April 2011, the Ames economy hosted 47,400 jobs, exactly the same employment level as in April 1999. Ames added 2,300 jobs between April 2011 and April 2012! In other words, Ames added 2,300 jobs in 13 years, all of them in the past year. Needless to say, this is the most impressive year of job creation in the recorded history of the Ames labor market.

Historically, Ames has relied on public sector jobs with 43% of its jobs in local, state, or federal government. Cuts to state funding have led to recent losses of state jobs and prospects for future public sector growth are dim. Therefore, it was necessary for Ames to add private sector jobs if it wanted to expand its local economy. Table 1 presents job growth by sector for Ames and for the Des Moines and Iowa economies. As is immediately apparent, over the past year, Ames job growth at 4.9% is nearly twice that of Des Moines (2.6%) or Iowa (1.1%). The strongest source of Ames job growth was in private jobs which grew 6% in the last year, accounting for 94% of the private sector job growth in Ames over the past 13 years. The private service sector has grown particularly rapidly with 86% of the job gains in that sector occurring in the past year. That sector would include expanding retail employment, improving professional service job prospects at firms such as WebFilings, and expanding research opportunities at firms such as Boehringer Ingelheim Vetmedica. Planned further expansion by firms in this sector bode well for additional net employment gains going forward.

Ames added goods producing jobs (mainly manufacturing and construction) at a slightly slower pace over the past year than in either Des Moines or the state as a whole. However, the slower growth is from an atypically strong base, as Ames has added manufacturing jobs since 1999 whereas the sector has shrunk elsewhere in the state and the nation. Perhaps insufficiently acknowledged has been the strength of the Ames manufacturing firms as a source of net job growth for the city, particularly as the city has been slow to add new capacity for manufacturing expansion in either dedicated industrial land or available infrastructure.

Ames added 3.4% more government jobs in the past year due largely to added state government jobs. The 3.4% growth in Ames government jobs was faster than public sector job growth elsewhere in the state. However, this growth in state jobs was driven by a recovery of state government jobs to their 1999 levels. In fact the number of state jobs in Ames in April 2012 was exactly the same as the level in April 1999.

Summary

All in all, the past year was a remarkable one for job growth in Ames, given its recent past performance, and signals bode well for the coming year. Jobs in Boone County and Hardin County also rebounded strongly in the past year. There are no signs as yet of a jobs recovery in Hamilton County. For displaced workers in Webster City and surrounding areas, the possibility of commuting to growing neighboring counties may be the best near-term option before there will be significant expansion of local job prospects.

Figure 1: March Nonfarm Employment for Counties in Central Iowa, 1990-2012

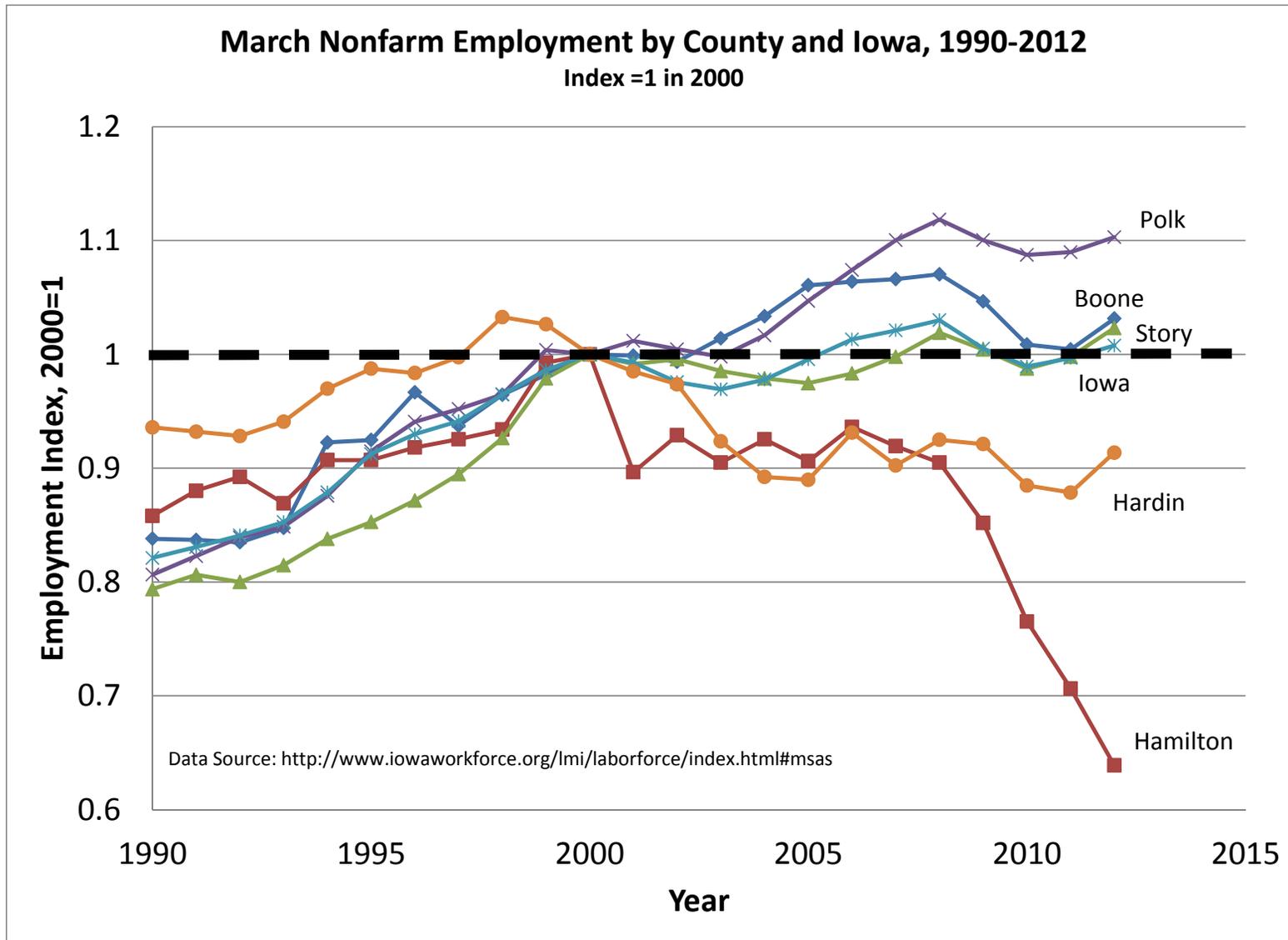


Figure 2: December Goods Producing Employment for Counties in Central Iowa, 1990-2011

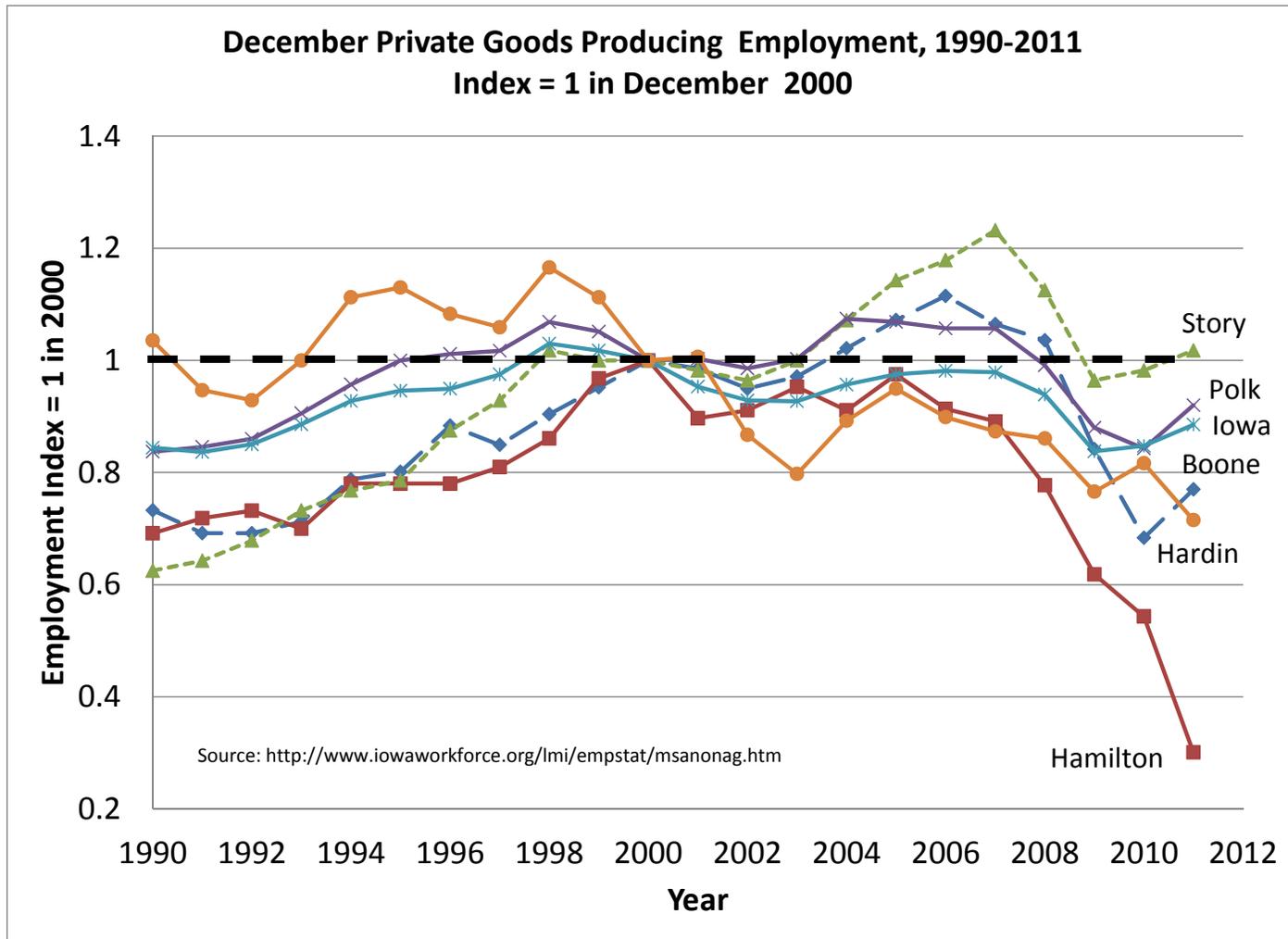


Figure 3: December Government Employment for Counties in Central Iowa, 1990-2011

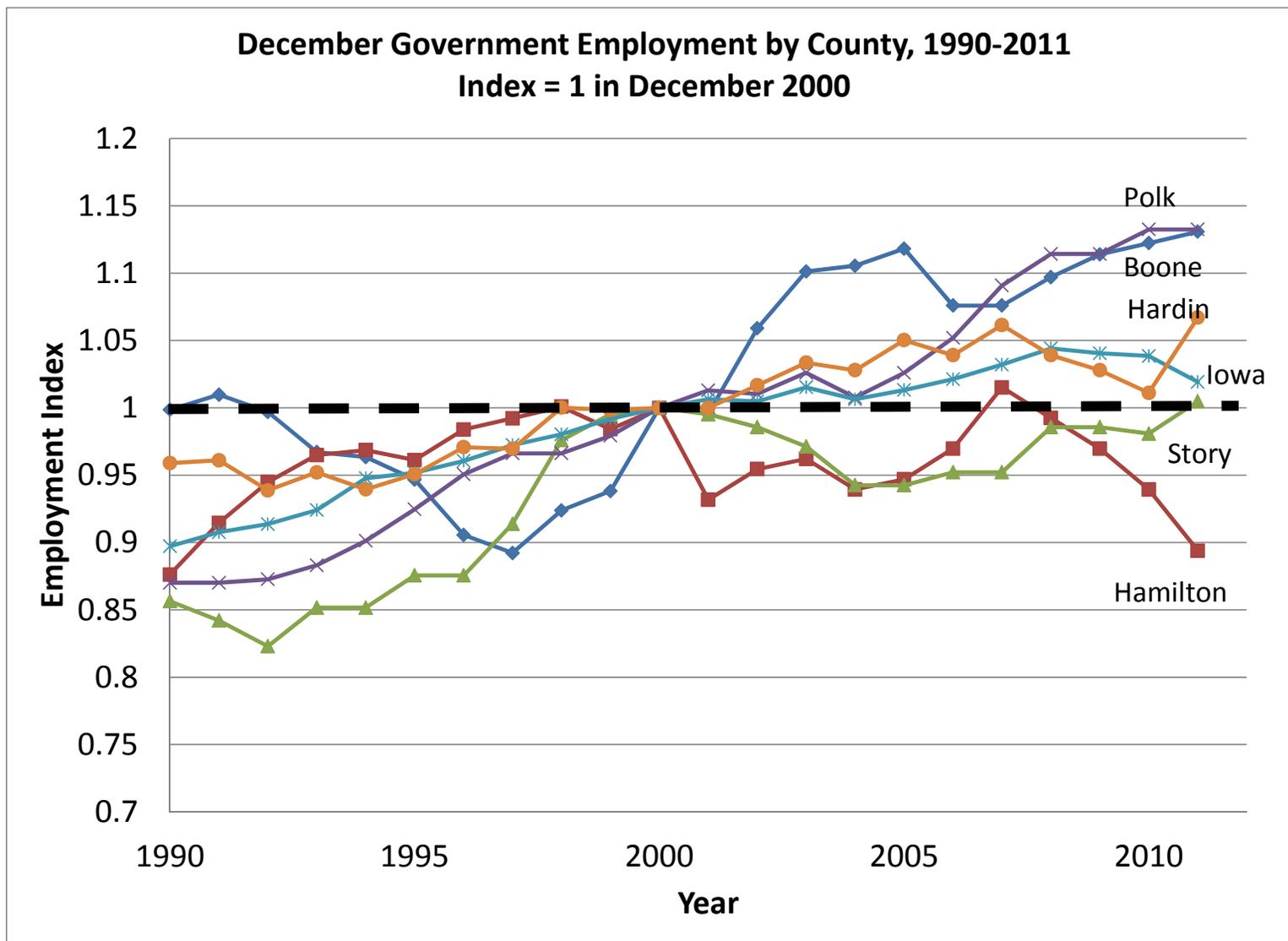


Table 1: Employment Growth Since April 2011 and April 1999 for Ames, Des Moines, and Iowa

Sector	Percent Growth Since 2011			Percent Growth Since 1999		
	Ames	Des Moines	Iowa	Ames	Des Moines	Iowa
Total Nonfarm	4.9%	2.6%	1.1%	4.9%	10.6%	1.9%
Total Private	6.0%	3.0%	1.6%	6.4%	9.8%	1.5%
Goods Producing	5.4%	12.8%	7.4%	3.5%	-11.4%	-10.6%
Service-Providing	4.8%	1.6%	-0.3%	5.0%	13.9%	5.3%
Private Service Providing	6.1%	1.8%	-0.1%	7.1%	13.4%	5.7%
Government	3.4%	0.2%	-1.2%	2.9%	16.5%	3.7%
Federal Government	0.0%	3.3%	-1.7%	22.2%	10.7%	-13.2%
State Government	3.4%	-4.5%	-3.3%	0.0%	0.0%	-0.3%
Local Government	4.2%	1.0%	-0.3%	8.7%	23.8%	7.5%

Source: <http://www.iowaworkforce.org/lmi/empstat/msanonag.htm>