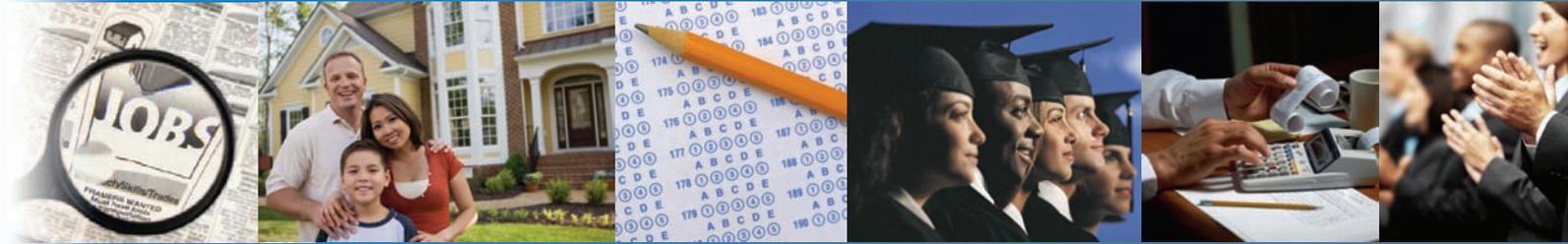


# IOWA

## *Workforce and Economic Development Status Report*



### Strategic Objectives

- 200,000 New Jobs
- 25% Increase in Family Incomes
- Best Schools in the Nation
- 15% Reduction in Government Costs

Released January 2012



# IOWA

## *Workforce and Economic Development Status Report*

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## INTRODUCTION

In January of 2011, Governor Terry Branstad released a set of goals aimed at improving the socio-economic environment of Iowans. These goals include: creating 200,000 new jobs, increasing family incomes by 25 percent, providing Iowa's youth with the best education in the nation and reducing state government costs by 15 percent. This report will delineate some of the opportunities and challenges Iowa faces in several areas as they relate to the attainment of these goals. The state of Iowa was analyzed as a whole for this report, however, regional reports based on economic development regional marketing group territories and Laborshed areas will be available in March.

Iowa is home to just over three million people who are employed in over 1.4 million non-farm jobs. The capital and largest city, with slightly over 200,000 people, is Des Moines, but Polk County is home to just over 430,000 people. Other major cities include Ames, Cedar Rapids, Council Bluffs, Davenport, Dubuque, Iowa City, Sioux City and Waterloo.

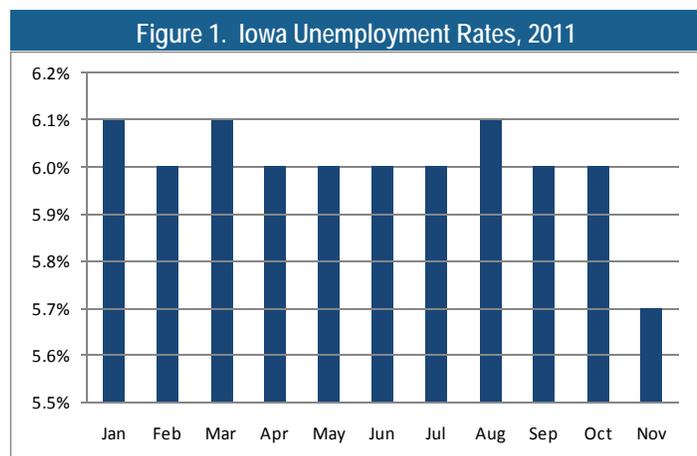
The state of Iowa has many distinct advantages as a place to do business. Though its education system has faced challenges in recent years, Iowa has a well-deserved reputation as a state with an excellent education system. The strong K-12 schools combined with the state's exemplary community college system, private colleges and regent universities contribute to the formation of the state's strong workforce.

The excellent workforce drives the state's top industries and industry clusters – agriculture, advanced manufacturing, biosciences, finance/insurance, transportation and information technology. Additionally, due to the state's central location and its strong interstate network, Iowa is a national logistics and distribution center. Iowa's geographic location also places it in the heart of the nation's wind belt. Currently, Iowa is second only to Texas in terms of installed wind energy generation capacity. The field of renewable energy will continue to grow in Iowa because of the intersection of the state's traditional industry strengths and the requirements of emerging renewable technologies.

Throughout this report, Iowa will be benchmarked against four other states – Kansas, Minnesota, Missouri, Nebraska – as well as the U.S. These states were chosen because they compare well with Iowa in terms of population size, geography (neighboring state) and industry mix. Benchmarking facilitates an analysis of the competitive strengths and weaknesses of Iowa.

Although the data in this report represents the year ending December 2010, there are some data sources that are updated more frequently than others.

- The Iowa unemployment rate dropped from 6.1 percent to 5.7 percent in 2011 (**Figure 1**)
- Total non-farm employment in January 2011 was 1,473,400 and in November 2011 it was 1,485,000, an increase of 11,600 jobs.
- According to the Iowa Unemployment Insurance Tax Database, there were 73,639 active businesses as of January 2011.
- Iowa's 2010 real GDP was \$127.7 billion a 17.5 percent increase from the state's 2000 real GDP of \$105.3 billion.



Iowa Unemployment rate for December not available  
Subject to benchmark revisions, March 2012

Source: Bureau of Labor Statistics

## DEMOGRAPHIC AND INFRASTRUCTURE PROFILE

Before addressing the factors that relate to the strategic goals, the overall make-up of both Iowa's population and its infrastructure will be examined. The following section addresses demographic trends in Iowa over the past two decades. Specifically, it assesses Iowa's current population, population trends, diversity and age distribution. In addition, it presents a picture of the current condition of Iowa's physical infrastructure.

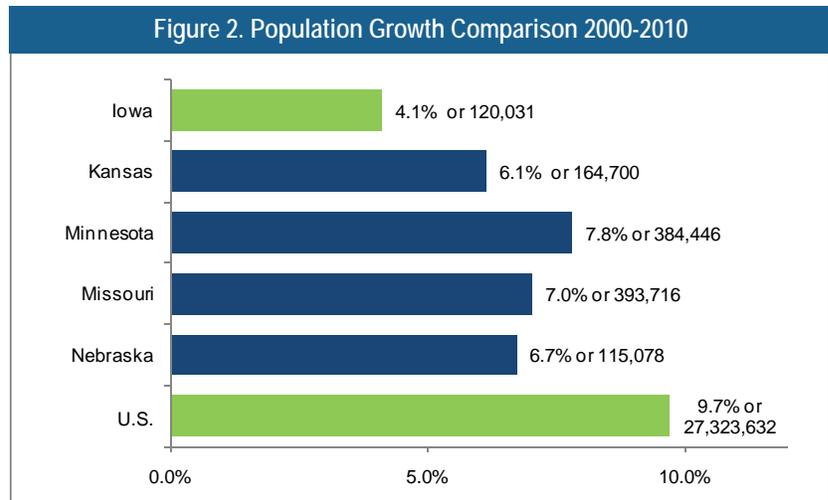


### POPULATION GROWTH

Iowa has the lowest population growth percentage among the benchmark states. From 2000 to 2010, it grew by 120,031 people (4.1%) compared to Kansas' 6.1 percent growth or Nebraska's 6.7 percent growth, representing 164,700 and 115,078 people, respectively (Figure 2).

The largest population growth occurred nationally at 9.7 percent. Minnesota at 7.8 percent, representing 384,446 people and Missouri at 7.0 percent, representing 393,716 people were leading benchmark states.

It has been a national trend for rural areas to lose population as increasing numbers of people migrate to urban areas where more opportunities for employment exists.



Source: Census Bureau, 2010

### MIGRATION

**Figure 3. 2008-2009 Migration: Largest Gains/Losses Iowa**

State	Net Migration
Other Countries	1,699
Illinois	1,679
California	1,251
Michigan	561
New Jersey	338
Nebraska	-266
South Dakota	-338
Colorado	-390
Missouri	-652
Texas	-882

Source: Internal Revenue Service

In 2008-2009, Iowa gained 5,528 residents on a net basis as a result of migration, compared to 4,833 in 2007-2008. The state gained 1,699 from outside of the U.S., 1,679 people from Illinois, and 1,251 residents from California. However, there are a number of states to which Iowa had a net loss of residents, including Texas, Missouri, Colorado, South Dakota and Nebraska.

Figure 3 illustrates Iowa's net migration in 2008-2009. Internal Revenue Service (IRS) tax return data from 2008-2009 reveals net migration totals as a result of in-flows and out-flows, offering a clear picture of which states Iowa is gaining new residents from and to which states Iowa is losing its residents. Blue indicates where Iowa has gained the most new residents, and red indicates where Iowa lost the most residents on a net-migration basis.

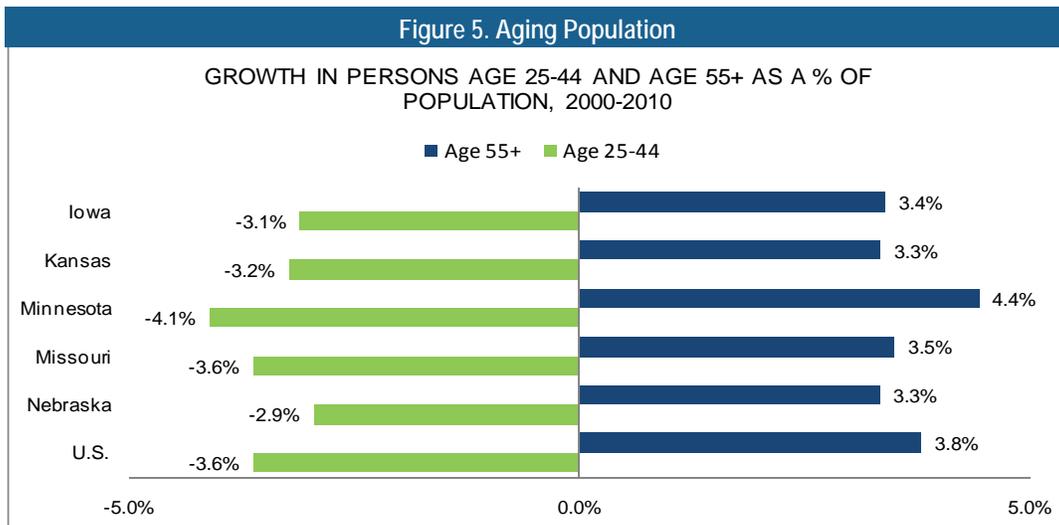
## AGE

An increasing number of states are faced with challenging workforce development climates resulting from aging populations. Iowa is no exception. With a median age of 38.1 years, Iowa is the oldest state among the benchmarks and older than the nation as a whole (Figure 4).

Between 2000 and 2010, Iowa's share of residents in the young adult cohort (age 25-44) decreased 3.1 percent while its share of residents 55 and over increased 3.4 percent (Figure 5). This mirrors what is occurring in the benchmark states, as well as the nation.

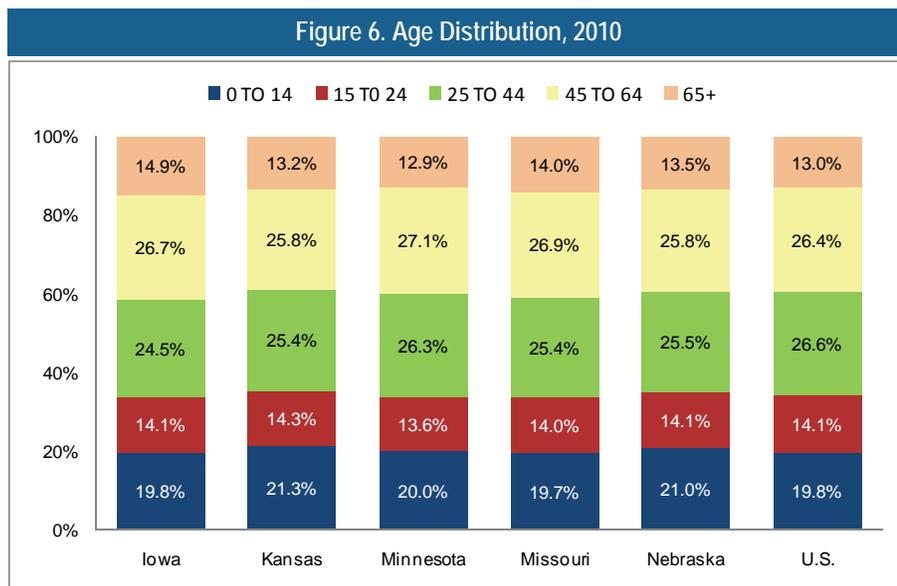
State	Median Age
Kansas	36.0
Nebraska	36.2
Minnesota	37.4
Missouri	37.9
Iowa	38.1
U.S.	37.2

Source: Census Bureau, 2010



Source: Census Bureau, 2010

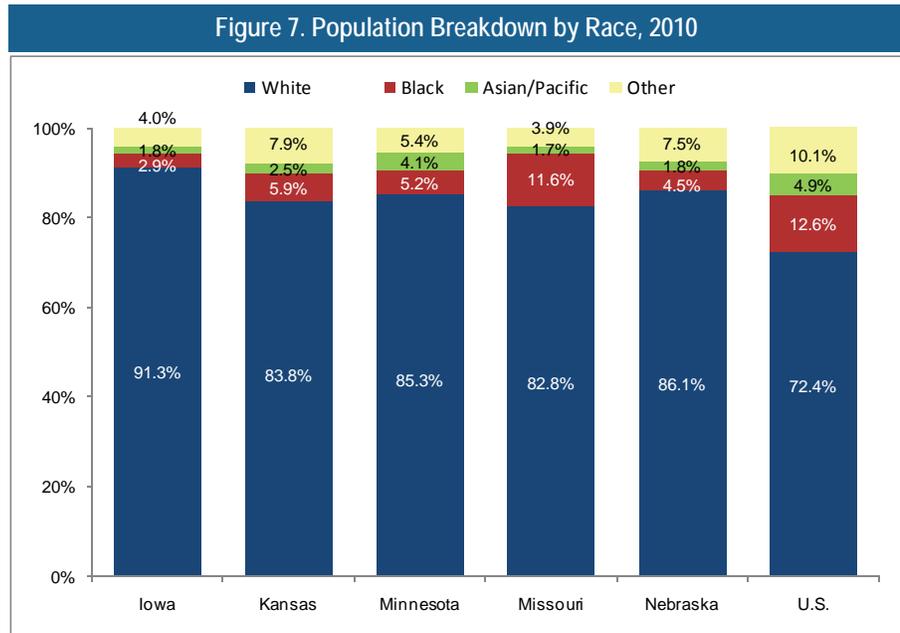
Figure 6 illustrates the breakdown of age distribution for Iowa, each of the benchmark states and the nation. This analysis finds that Iowa, as a percentage, has more residents over the age of 65 than the benchmark states and the nation, but parallels the nation in those residents 0 to 24 years of age.



Source: Census Bureau, 2010

## DIVERSITY

Workforce diversity is a competitive advantage used by innovative firms positioning themselves to maximize market penetration. Innovative companies know that the minority consumer spending continues to grow at a faster rate than any segment of consumer markets, and they want to recruit employees from diverse populations that are reflective of their business customers and future product markets. Businesses have found that homogenous communities are less attractive to this type of workforce.

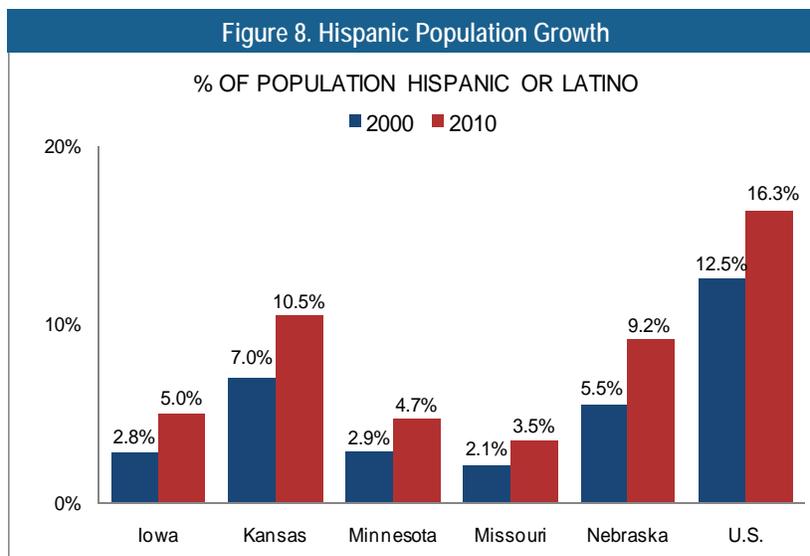


Source: Census Bureau, 2010

Iowa is the least-racially diverse state among the benchmarks and far less racially-diverse than the nation as a whole. The state has over 91 percent of its population reporting as white, compared with 72.4 percent nationwide (Figure 7).

According to the U.S. Census, "Hispanic or Latino" is an indication of heritage, nationality, lineage, or reference to country of birth rather than a particular race. People who identify their origin as Spanish, Hispanic, or Latino may be of any race and are therefore not categorized separately within the population breakdown in Figure 7.

However, it is important to note that when analysis is performed specifically for Hispanic origin, the Hispanic population in Iowa has grown to represent 5.0 percent as of 2010, increasing from 2.8 percent in 2000 (Figure 8). The growth in the state's Hispanic population mirrors national growth trends over the last decade. The percent increase in Iowa (2.2%), is greater than both Minnesota (1.8%) and Missouri (1.4%).



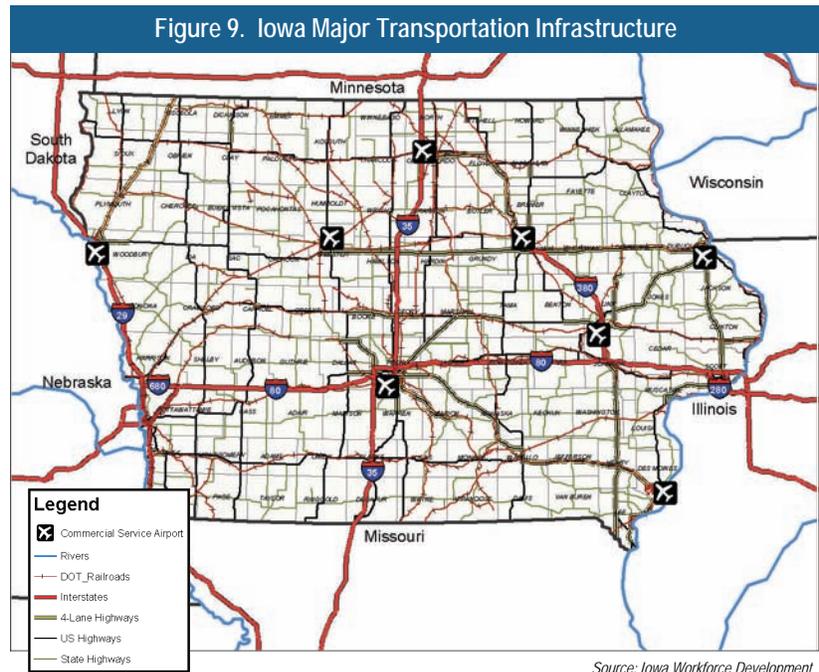
Source: Census Bureau, 2010

## PHYSICAL INFRASTRUCTURE

Investments in basic infrastructure components such as railroads, highways and ports, as well as communication infrastructure such as broadband and wireless, are critical to addressing complicated regional economic and workforce development challenges.

Iowa is located in the middle of the United States with access to all portions of the country. It is crisscrossed by two major interstates which give the state a strategically competitive advantage (see Figure 9). I-35 is a major North-South interstate which runs from Duluth, MN to Laredo, TX. In addition, I-80 is a transcontinental interstate which runs from San Francisco, CA to Teaneck, NJ which is in the New York City metropolitan area. Iowa is also bordered on the west by I-29 which runs from Kansas City, MO to the Canadian border.

Iowa's central location combined with its strong highway system makes it easy to move goods in and out of the state, to and from locations throughout the country. Additionally, strong rail infrastructure, the Mississippi River bordering the eastern side of the state, and the Missouri River bordering the western side of the state all play a part in strengthening Iowa's potential in warehousing, logistics and distribution.



As of 2009 (most recent data available), Iowa ranked 36<sup>th</sup> in waterborne tonnage shipped according to the U.S. Army Corps of Engineers. While Iowa shipped a total of 8,304,494 tons of goods by water in 2009, bordering Missouri and Illinois shipped 19,951,579 tons and 102,948,198 tons, respectively. However, the statistics for Illinois includes traffic from the Great Lakes and Missouri is able to provide year-round shipping on parts of both the Missouri and Mississippi rivers. Kansas and Nebraska, on the other hand, shipped 518,315 tons and 66,065 tons respectively (Figure 10).

**Figure 10. Waterborne Tonnage Shipped by State**

State	2009 Origin Tonnage	2008 Origin Tonnage	Increase/Decrease
Iowa	8,304,494	8,125,906	178,588
Illinois *	102,948,198	95,916,610	7,031,588
Kansas	518,315	262,615	255,700
Missouri	19,951,579	20,611,804	(660,225)
Nebraska	66,065	42,567	23,498

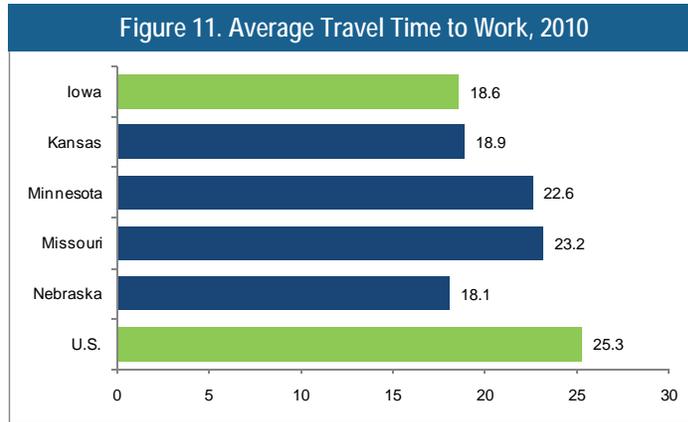
\*Includes traffic from Great Lakes

*Source: US Army Corps of Engineers*

The strong infrastructure in place throughout the state can play a significant role in Iowa's becoming a leader in emerging industries. This includes bio-fuel and ethanol production and wind energy component manufacturing, which rely on strong transportation infrastructure in order to move goods in and out of the state.

## COMMUTE TIMES

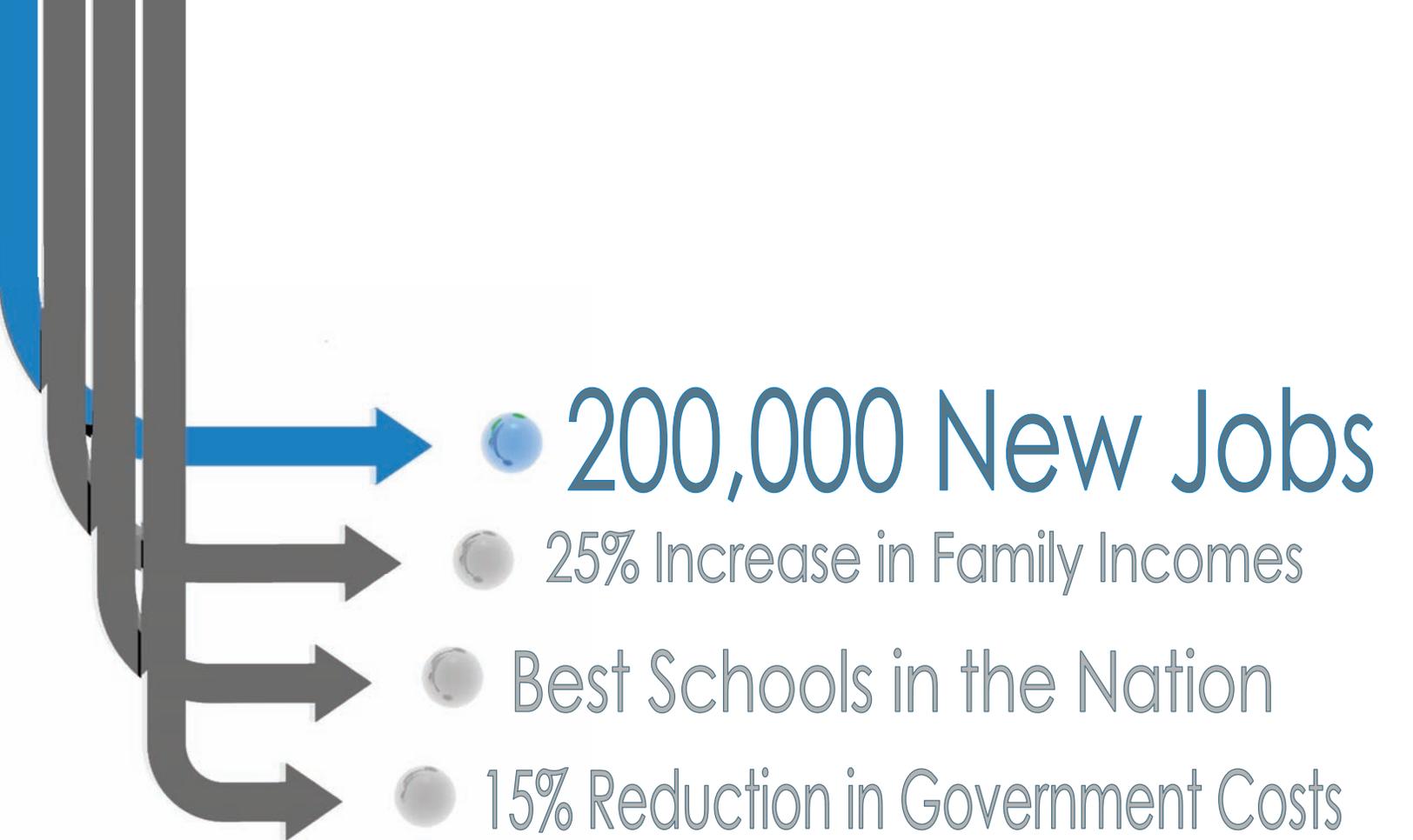
Relatively short commute times are an excellent indicator of the strong highway infrastructure in Iowa. Only Nebraska, among the benchmark states, has lower average commute times than Iowa, and Iowa's average commute time in 2010 was substantially lower than the national average (Figure 11).



Source: Census Bureau, ACS

## DEMOGRAPHIC AND INFRASTRUCTURE PROFILE SUMMARY

- Iowa experienced population growth of 4.1 percent between 2000 and 2010, lowest among the benchmark states.
- Though it may be losing residents to certain areas of the U.S., Iowa is gaining residents from other states and countries on a net-migration basis.
- Between 2000 and 2010, Iowa's share of population in the young adults cohort (age 25-44) declined 3.1 percent, but the nation and other benchmark states had a higher percentage decrease, with the exception of Nebraska.
- Iowa has a median age of 38.1 which ranks oldest among the benchmark states and is a year older than the national median age of 37.2.
- Iowa is the least racially-diverse among the benchmark states.
- Iowa has strong railroad and highway infrastructure in place, in addition to being bordered by two major rivers, all of which make it easy to move goods in and out of the state.
- Commute times to work in Iowa are extremely low (18.6 minutes) compared to the U.S. (25.3 minutes), and only Nebraska has lower commute times (18.1 minutes) among the benchmark states.



## 200,000 NEW JOBS

One of the top goals of this administration is to create 200,000 new jobs in the private industry, for Iowans over the next five years. Providing a competitive business environment is key to success. This section of the report covers areas that relate to this goal; pointing out areas of opportunity and highlighting certain challenges that face Iowa. It will address the recent national economic downturn, economic trends, business resources (such as tax incentives) and workforce support.

### ECONOMIC SCAN

**Figure 12** briefly summarizes key data points that are discussed in further detail throughout this report. The State of Iowa is the third most populated state among the benchmarks. Between 2000 and 2010 population growth was 4.1 percent in Iowa, last among the benchmark states and well below the population growth nationwide. However, labor force growth in Iowa has been strong. Between 2005 and 2010, the labor force in Iowa grew 2.6 percent, the second highest rate among the five states. The unemployment rate in Iowa was 6.1 percent for 2010 which was lower than the other benchmark states and nation, with the exception of Nebraska at 4.7 percent. Strong median household income growth since 2000 (23.7%) has pushed the median household income in Iowa to \$48,827 as of 2010. However, Iowa's median household income remains lower than the median household incomes in Kansas, Nebraska, Minnesota and the U.S. Furthermore, Iowa's 2010 real GDP was \$127.7 billion. This is over \$115 billion less than Minnesota which had the highest figure among the benchmark states. However, over the ten year period 2000-2010 Iowa experienced a 17.5 percent change in real GDP, second only to Nebraska, and greater than the nation as a whole. Additionally, educational attainment in Iowa, as measured by the percent of the people ages 25 and older with a bachelor's degree, is lower than all of the benchmark states, as well as the U.S.

Figure 12. Quick Stats						
	Iowa	Kansas	Minnesota	Missouri	Nebraska	U.S.
Population (2010)	3,046,355	2,853,118	5,303,925	5,988,927	1,826,341	308,745,538
Population Growth ('00-'10)	4.1%	6.1%	7.8%	7.0%	6.7%	9.7%
Annual Unemployment Rate (2010)*	6.1%	7.0%	7.3%	9.6%	4.7%	9.6%
Labor Force Growth ('05 - '10)*	2.6%	2.5%	3.0%	0.1%	0.4%	3.1%
Median Household Income (2010)	\$48,827	\$49,444	\$56,456	\$45,829	\$49,075	\$51,222
Median Household Income Growth ('00-'10)	23.7%	21.7%	19.8%	20.8%	25.0%	22.0%
Real GDP (2010, in millions of dollars)	\$127,666	\$114,021	\$243,404	\$217,320	\$79,674	\$13,099,722
% Change in Real GDP ('00-'10)	17.5%	14.1%	13.2%	5.8%	18.2%	14.3%
% Bachelor's Degree+ (2010)	24.8%	29.6%	31.6%	25.3%	27.8%	28.0%
% in 25-44 Age Group (2010)	24.5%	25.4%	26.3%	25.4%	25.5%	26.6%

\*Subject to benchmark revisions, March 2012

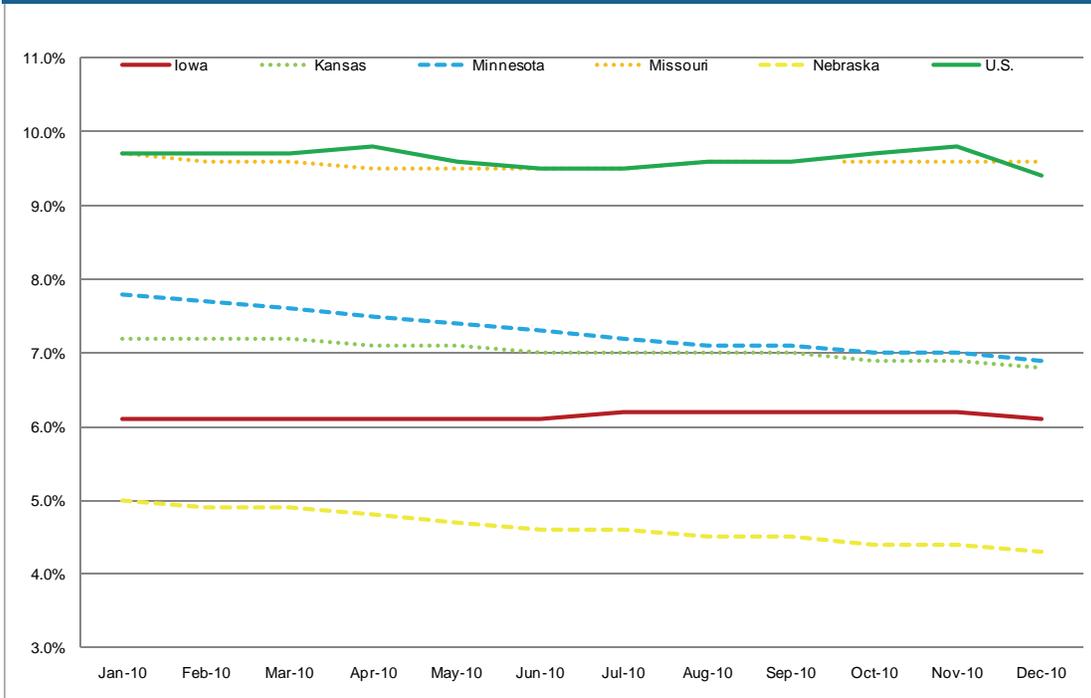
Sources: Census Bureau, Bureau of Economic Analysis and Bureau of Labor Statistics

### IOWA AND THE RECENT NATIONAL ECONOMIC DOWNTURN

Though this analysis is designed to examine long-term economic, demographic and labor market trends, Iowa's performance in the face of the recent economic downturn must be examined in order to gain a sense of the state's resiliency.

For the past five years Iowa's unemployment rate has consistently ranked below the national unemployment rate, and only Nebraska has experienced lower unemployment among the benchmark states (see **Figure 13**, on the next page). Although Iowa's unemployment rate increased slightly from June to October 2010, the state's unemployment rate still remains low compared to the nation and most of the benchmark states.

Figure 13. Monthly Unemployment Rate, January to December 2010



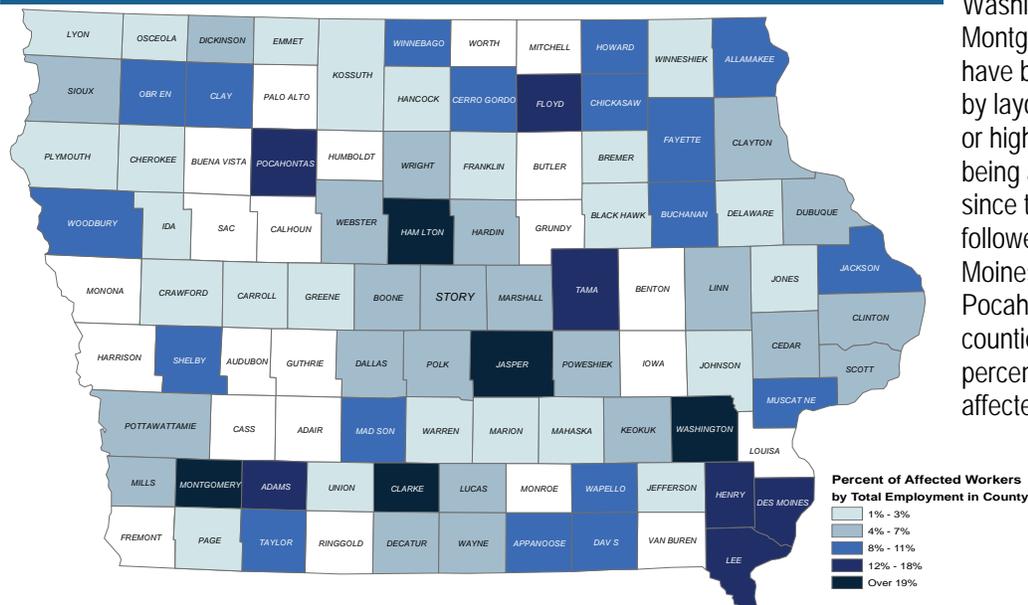
Subject to benchmark revisions, March 2012

Source: Bureau of Labor Statistics

Even with the slightly higher seasonally-adjusted unemployment rate toward the end of 2010, Iowa's rate has remained steady throughout the year, starting at 6.1 percent in January, then back to 6.1 percent in December, and slightly increasing in July to 6.2 percent (Figure 13).

Though Iowa has weathered the current economic recession rather well, it has not been immune to layoffs and job losses. The map below (Figure 14) indicates layoffs as a percentage of total employment by county, as reported through WARN notifications. Darker shades illustrate which counties have been most adversely affected by job losses.

Figure 14. Iowa Layoffs by County 1991-2011



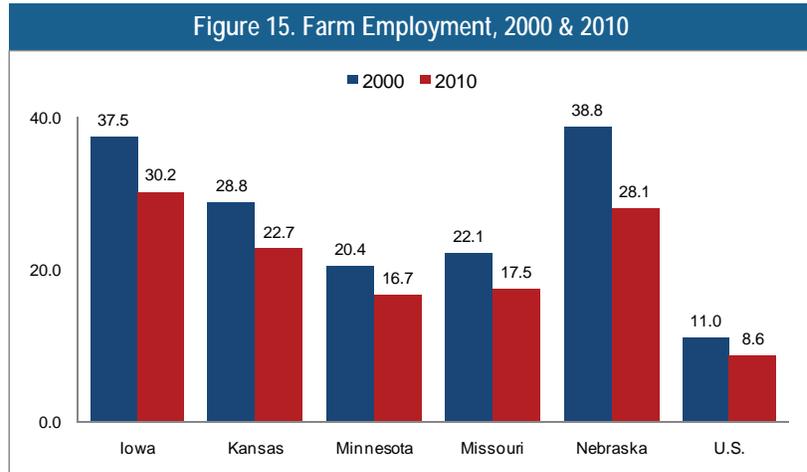
## ECONOMIC TRENDS

This section focuses on the composition of Iowa's employment base, employment and labor force growth trends, unemployment rates over time and growth in business establishments. It is important for gaining an understanding of the strengths and weaknesses of Iowa's economy.

### EMPLOYMENT AND UNEMPLOYMENT

Self-employed farm employment is not reflected by the Bureau of Labor Statistics (BLS), which only includes larger farm employment statistics. **Figure 15** reflects farm employment per 1,000 residents.

It is clear that agriculture is very strong in Iowa, with over three times the number of farm employees per capita than the U.S. In fact, Iowa and Nebraska have more farm employment per capita than any of the benchmark states.

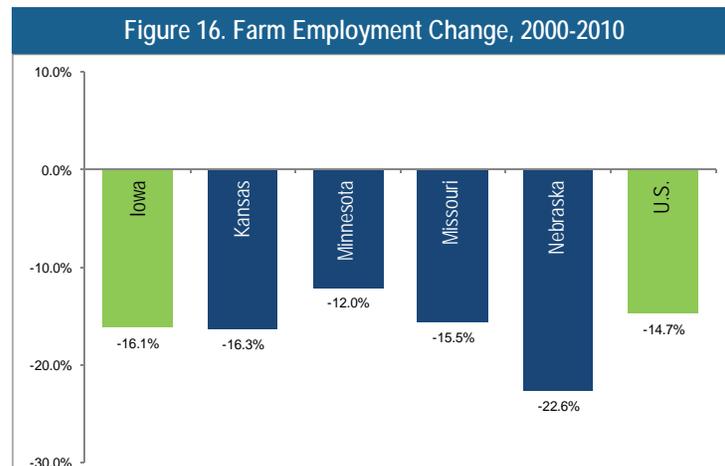


Source: Bureau of Economic Analysis

While farm employment has decreased across the board in the U.S., Iowa farm employment has fared better than Kansas and Nebraska when compared to the benchmark states (**Figure 16**).

In addition to a strong agriculture sector, the Iowa economy is dominated by three sectors. Trade, made up of both retail and wholesale activities, is Iowa's largest sector, responsible for nearly 16.7 percent of Iowa's employment. The healthcare and social assistance sector ranks second, employing 14.2 percent,

followed by manufacturing with 14.0 percent of Iowa's workers (see **Figure 17** on the next page). While the proportion of Iowa's workers employed in both the trade sector and the healthcare sectors are similar to that of the benchmark states, manufacturing makes up a larger part of employment in Iowa's economy than any of the benchmark states. At the same time, Iowa lags behind the benchmark states in its percentage of workers employed in the professional, scientific, and technical services sector, which often drives innovation.



Source: Bureau of Economic Analysis

According to Hoovers On-line, the top employers in Iowa include: Rockwell Collins, Inc., Principal Life Insurance Co., Wells Fargo Bank, Mercy Hospital, The University of Iowa, Transamerica Life Insurance Company, Hy-Vee, Inc., MidAmerican Energy and Deere and Company. Other companies such as TPI Composites and Siemens have located in Iowa in recent years, helping to make the state a leader in wind turbine manufacturing.

Figure 17. Industry Mix, 2010

Industry	Iowa		Kansas		Minnesota	
	Employment	Share	Employment	Share	Employment	Share
Accommodation and Food Services	111,294	7.8%	100,136	7.7%	203,273	8.0%
Administrative and Support and Waste Management and Remediation Services	67,850	4.7%	70,003	5.4%	121,848	4.8%
Agriculture, Forestry, Fishing and Hunting	16,215	1.1%	9,948	0.8%	18,455	0.7%
Arts, Entertainment, and Recreation	20,189	1.4%	13,349	1.0%	48,273	1.9%
Construction	63,066	4.4%	55,062	4.3%	91,151	3.6%
Educational Services	142,959	10.0%	137,027	10.6%	215,217	8.4%
Finance and Insurance	88,706	6.2%	54,919	4.2%	134,028	5.3%
Health Care and Social Assistance	204,106	14.2%	182,172	14.1%	419,752	16.4%
Information	29,188	2.0%	31,369	2.4%	57,649	2.3%
Management of Companies and Enterprises	12,769	0.9%	15,262	1.2%	70,653	2.8%
Manufacturing	200,787	14.0%	159,771	12.4%	292,031	11.4%
Mining, Quarrying, and Oil and Gas Extraction	2,133	0.1%	8,352	0.6%	5,219	0.2%
Other Services (except Public Administration)	42,635	3.0%	36,308	2.8%	82,680	3.2%
Professional, Scientific, and Technical Services	42,670	3.0%	61,203	4.7%	123,936	4.9%
Public Administration	69,866	4.9%	86,134	6.7%	125,364	4.9%
Real Estate and Rental and Leasing	12,752	0.9%	14,338	1.1%	35,711	1.4%
Retail Trade	173,059	12.1%	141,052	10.9%	277,517	10.9%
Transportation and Warehousing	60,897	4.2%	47,111	3.6%	91,711	3.6%
Utilities	6,786	0.5%	9,753	0.8%	14,074	0.6%
Wholesale Trade	66,079	4.6%	59,710	4.6%	123,554	4.8%
<b>Total</b>	<b>1,434,006</b>	<b>100%</b>	<b>1,292,979</b>	<b>100%</b>	<b>2,552,096</b>	<b>100%</b>

Figure 17. Industry Mix, 2010 (cont'd)

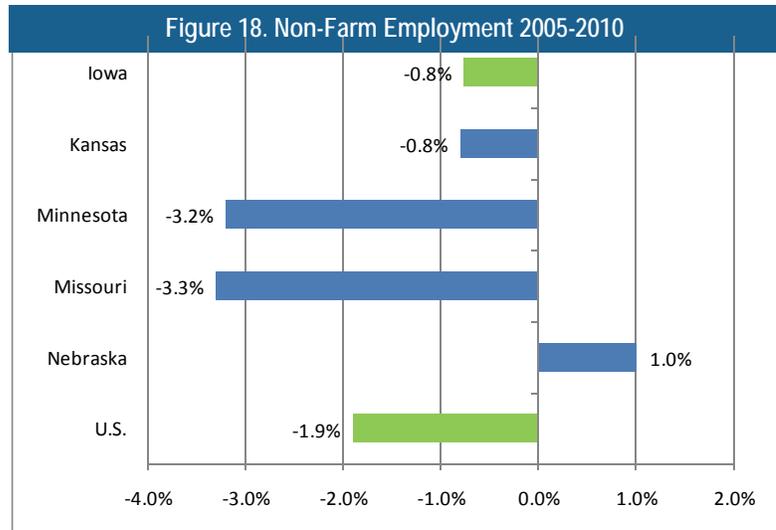
Industry	Missouri		Nebraska		U.S.	
	Employment	Share	Employment	Share	Employment	Share
Accommodation and Food Services	229,829	8.9%	68,652	7.7%	11,183,469	8.7%
Administrative and Support and Waste Management and Remediation Services	141,749	5.5%	41,385	4.6%	7,482,610	5.9%
Agriculture, Forestry, Fishing and Hunting	10,996	0.4%	11,819	1.3%	1,154,071	0.9%
Arts, Entertainment, and Recreation	53,111	2.1%	12,637	1.4%	2,300,728	1.8%
Construction	115,169	4.5%	41,731	4.7%	5,672,913	4.4%
Educational Services	218,867	8.5%	86,159	9.6%	12,144,279	9.5%
Finance and Insurance	120,558	4.7%	53,534	6.0%	5,520,206	4.3%
Health Care and Social Assistance	399,383	15.5%	126,721	14.1%	18,077,213	14.1%
Information	63,969	2.5%	17,040	1.9%	2,848,734	2.2%
Management of Companies and Enterprises	59,730	2.3%	17,152	1.9%	1,854,778	1.5%
Manufacturing	243,034	9.4%	91,605	10.2%	11,532,213	9.0%
Mining, Quarrying, and Oil and Gas Extraction	4,093	0.2%	913	0.1%	651,918	0.5%
Other Services (except Public Administration)	86,600	3.4%	25,646	2.9%	4,406,249	3.4%
Professional, Scientific, and Technical Services	123,463	4.8%	43,615	4.9%	7,567,186	5.9%
Public Administration	129,686	5.0%	50,811	5.7%	7,545,067	5.9%
Real Estate and Rental and Leasing	36,540	1.4%	9,093	1.0%	1,961,617	1.5%
Retail Trade	299,170	11.6%	104,627	11.7%	14,549,251	11.4%
Transportation and Warehousing	101,429	3.9%	43,322	4.8%	4,935,603	3.9%
Utilities	19,330	0.8%	9,308	1.0%	807,673	0.6%
Wholesale Trade	116,511	4.5%	40,592	4.5%	5,466,844	4.3%
<b>Total</b>	<b>2,573,217</b>	<b>100%</b>	<b>896,362</b>	<b>100%</b>	<b>127,662,622</b>	<b>100%</b>

Source: Bureau of Labor Statistics

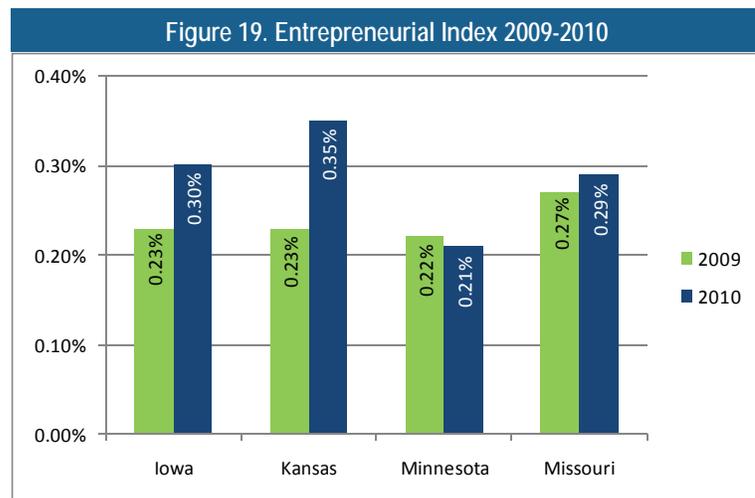
## JOB AND BUSINESS CREATION

Between 2005 and 2010 Iowa experienced a net job loss of an estimated 11,400 jobs, a total decrease of 0.8 percent. Similarly, Kansas had an equal percentage decrease over the same period. However, the nation experienced double the percentage loss (1.9%) and both Minnesota and Missouri experienced a percentage loss of over four times that of Iowa, 3.2 and 3.3 percent, respectively. Nebraska, However, saw an increase of employment by 1.0 percent (Figure 18).

The *Kauffman Index of Entrepreneurial Activity* measures the rate of business creation at the individual owner level. Figure 19 shows the change in percentages for Iowa and benchmark states from 2009 to 2010. In 2009, Iowa had an average of 0.23 percent of the adult population, or 230 out of 100,000 adults create a new business each month. This was equal to Kansas and only slightly less than Missouri which had the highest percentage of 0.27. In 2010, Iowa experienced an increase to 0.30 percent which was greater than all of the benchmark states except Kansas (which increased to 0.35%) while Minnesota experienced a slight decline (0.21%).



Source: Bureau of Labor Statistics



Source: Kauffman Entrepreneurial Index

**Figure 20. Change in Employment by Industry, 2005-2010**

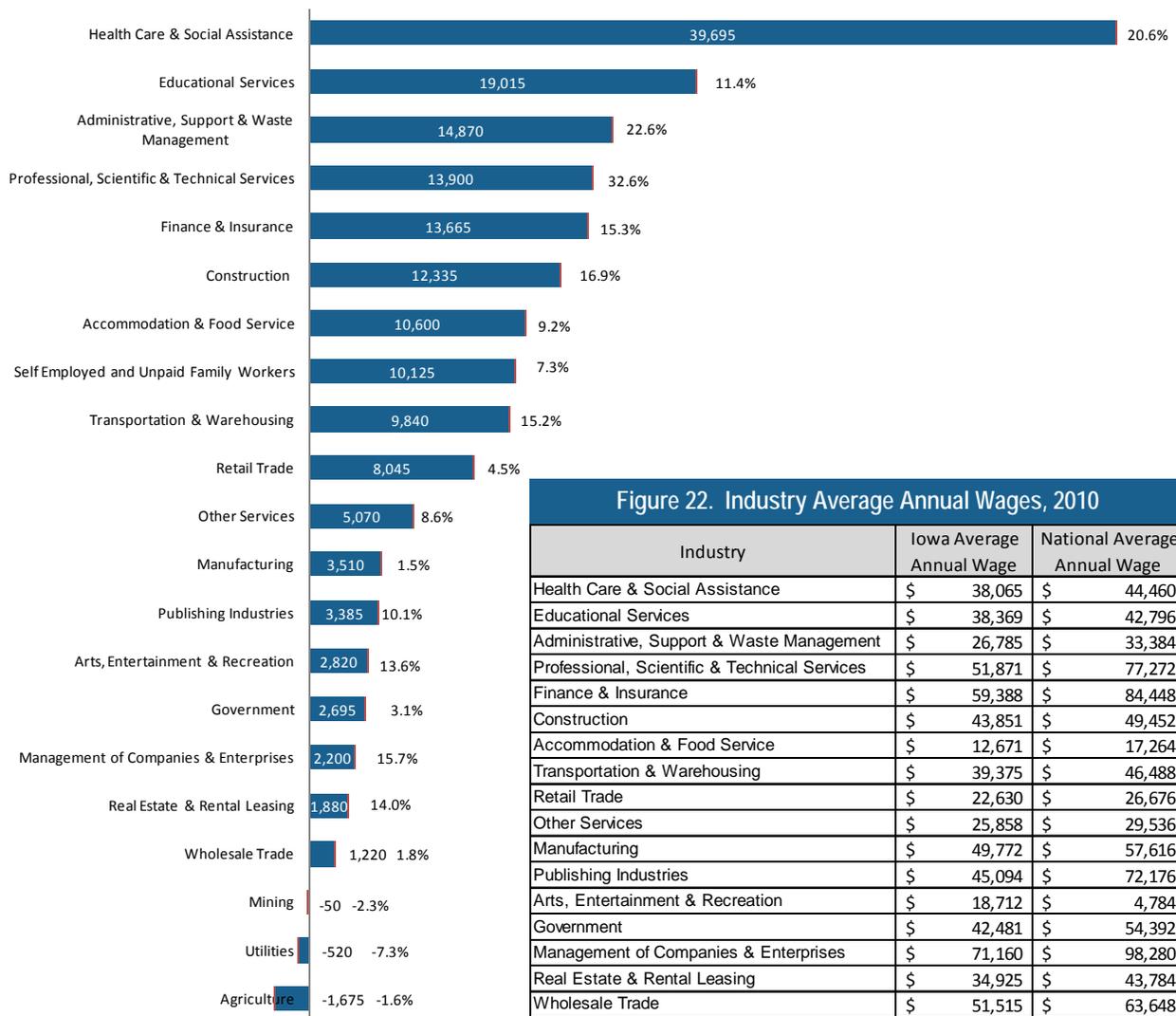
Industry	Change in Jobs	Percentage Change
Health Care & Social Assistance	16,906	9.0%
Educational Services	10,518	7.9%
Finance & Insurance	4,907	5.9%
Administrative, Support, Waste Management, & Remediation Services	4,343	6.8%
Professional, Scientific, & Technical Services	4,068	10.5%
Transportation & Warehousing	2,821	4.9%
Agriculture, Forestry, Fishing & Hunting	2,631	19.4%
Management of Companies & Enterprises	1,355	11.9%
Other Services (except Public Administration)	1,186	2.9%
Mining, Quarrying, and Oil & Gas Extraction	45	2.2%
Arts, Entertainment, & Recreation	-394	-1.9%
Accommodation & Food Services	-799	-0.7%
Wholesale Trade	-1,493	-2.2%
Public Administration	-1,799	-2.5%
Real Estate, Rental, & Leasing	-1,979	-13.4%
Utilities	-2,052	-23.2%
Information	-4,648	-13.7%
Retail Trade	-7,128	-4.0%
Construction	-9,978	-13.7%
Manufacturing	-28,334	-12.4%

Source: Bureau of Labor Statistics

The largest gains between 2005 and 2010 were in the healthcare & social assistance sector, which gained nearly 17,000 jobs. Other substantial job gains occurred within the educational services; finance & insurance; administrative support; and professional, scientific & technical services sectors. (Figure 20).

Statewide industry projections (Figure 21) indicate large employment gains in healthcare and social assistance; educational services; administrative, support and waste management; professional, scientific and technical services; and finance and insurance industries. Percentage of increases should also be noted. For instance, the professional, scientific, and technical services industry shows a 32.6 percent projected increase in employment from 2008 to 2018.

**Figure 21. Industry Employment Projections 2008-2018**



Source: Iowa Workforce Development

**Figure 22. Industry Average Annual Wages, 2010**

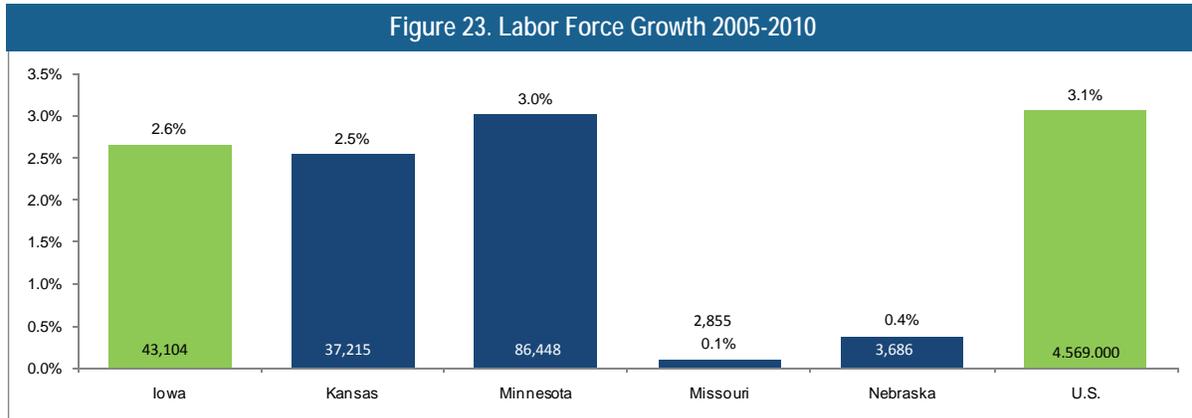
Industry	Iowa Average Annual Wage	National Average Annual Wage
Health Care & Social Assistance	\$ 38,065	\$ 44,460
Educational Services	\$ 38,369	\$ 42,796
Administrative, Support & Waste Management	\$ 26,785	\$ 33,384
Professional, Scientific & Technical Services	\$ 51,871	\$ 77,272
Finance & Insurance	\$ 59,388	\$ 84,448
Construction	\$ 43,851	\$ 49,452
Accommodation & Food Service	\$ 12,671	\$ 17,264
Transportation & Warehousing	\$ 39,375	\$ 46,488
Retail Trade	\$ 22,630	\$ 26,676
Other Services	\$ 25,858	\$ 29,536
Manufacturing	\$ 49,772	\$ 57,616
Publishing Industries	\$ 45,094	\$ 72,176
Arts, Entertainment & Recreation	\$ 18,712	\$ 4,784
Government	\$ 42,481	\$ 54,392
Management of Companies & Enterprises	\$ 71,160	\$ 98,280
Real Estate & Rental Leasing	\$ 34,925	\$ 43,784
Wholesale Trade	\$ 51,515	\$ 63,648
Mining	\$ 43,633	\$ 90,584
Utilities	\$ 71,633	\$ 78,832
Agriculture	\$ 31,347	\$ 26,780

Source: Bureau of Labor Statistics

Though smaller in overall employment numbers, the professional, scientific and technical services industry includes a wide variety of positions such as: auditors, management analysts, computer support specialists, computer network architects, public relations specialists, mechanical engineers, scientists, architects, etc. The aggregate occupations in the professional, scientific, and technical services industry earn an average of \$77,272 per year nationally and \$51,871 per year in Iowa (Figure 22).

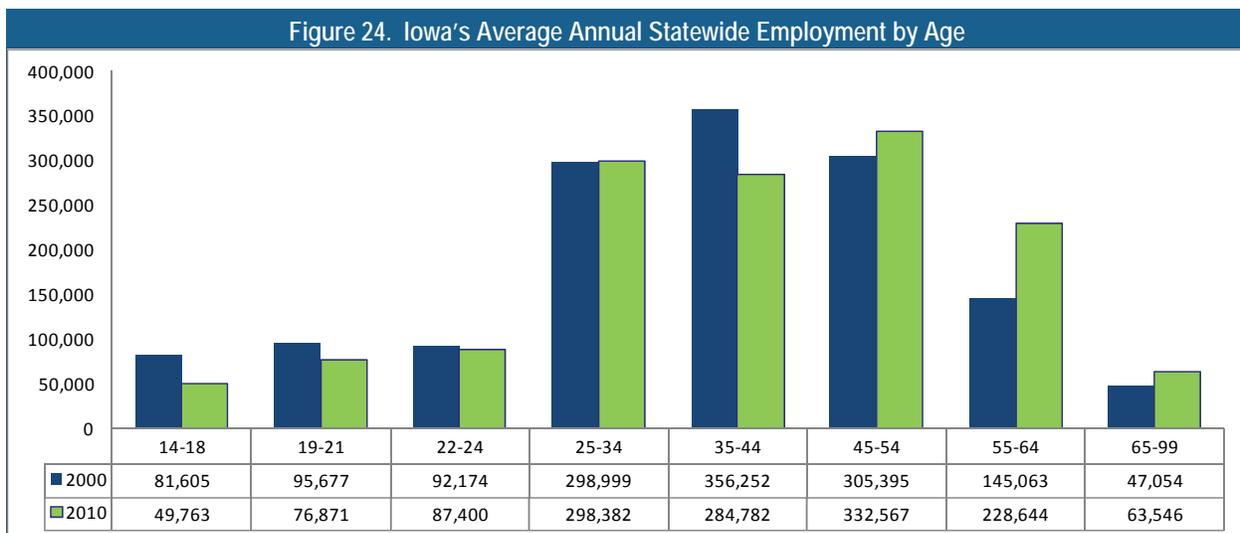
## LABOR FORCE

Iowa's labor force (those actively seeking employment) grew by over 43,000 people between 2005 and 2010 (Figure 23). By percentage growth, this is higher than Nebraska, Missouri, and Kansas. Minnesota is the only benchmark state with a higher percentage representing an estimated 86,000 people. Iowa's labor force growth, combined with its strong job growth, has helped to keep the state's unemployment rate at low levels.



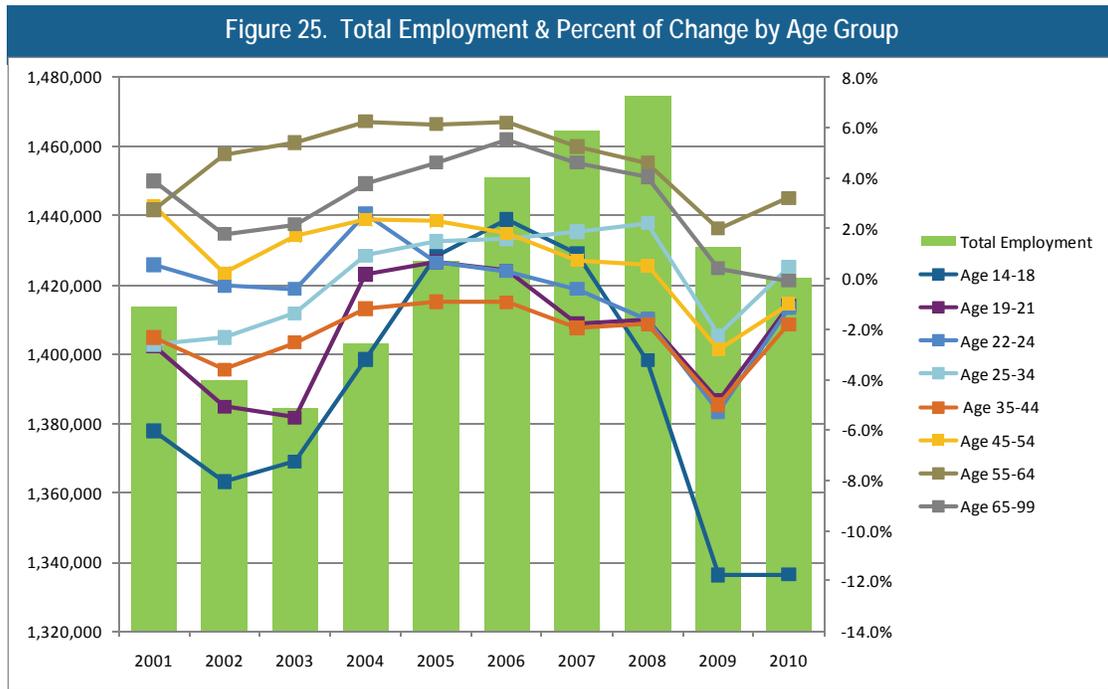
Source: Bureau of Labor Statistics

Analyzing industry employment by age has played an important role in preparing Iowa for upcoming retirements. As Iowa's average general population has aged, so has Iowa's workforce. From 2000 to 2010, the percentage of Iowa jobholders age 24 and younger dropped from 18.9 percent of the total workforce to 15.1 percent. Workers age 54 and younger declined 8.2 percent from 2000 to 2010. Workers over the age of 54 made up 13.5 percent of the total workforce in 2000 but increased to 20.6 percent (+100,073) in 2010, with workers between the ages of 55 and 64 increasing by 57.6 percent (+83,581) as illustrated in Figures 24 and 25 (on next page).



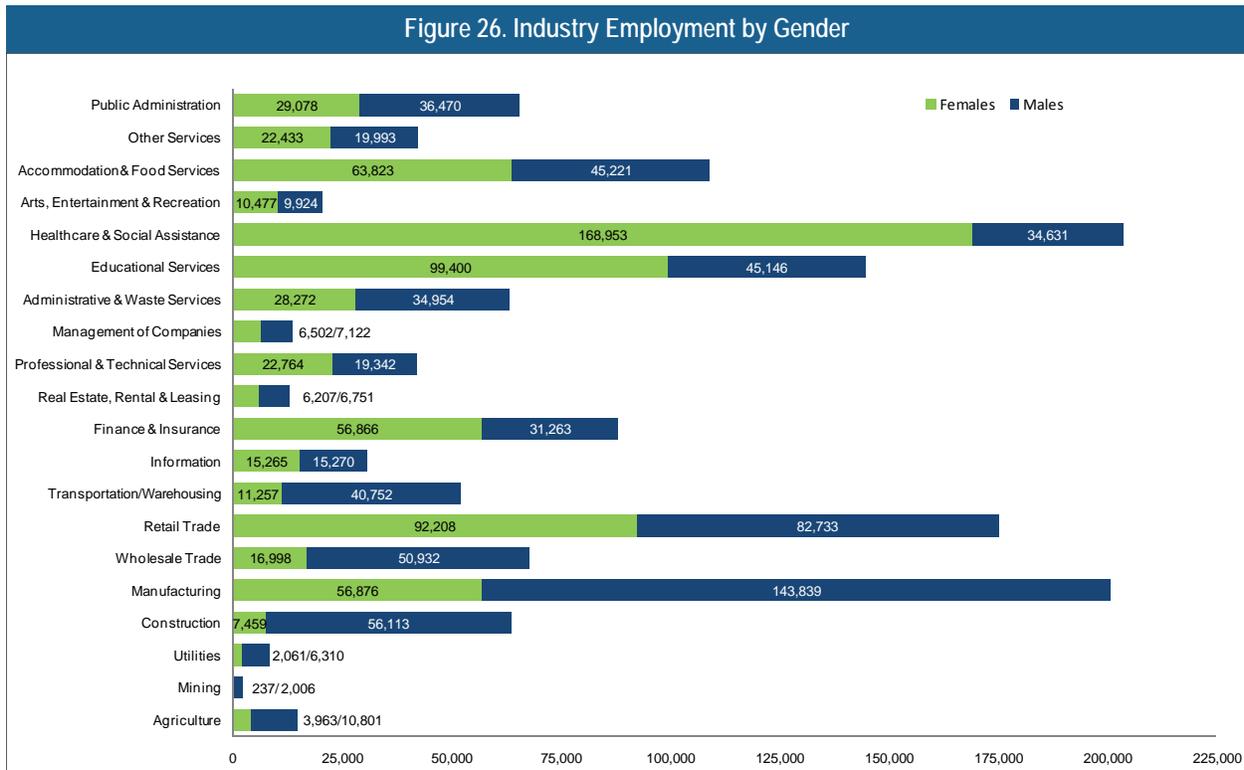
Source: Census Bureau

**Figure 25** below includes total employment and the percentage change by age group from 2001 to 2010. A much higher percentage of workers were ages 14 to 18 in 2001 compared to 2010, even though total employment was comparatively equal in both years. In contrast, employment of those 55 to 64 years of age increased from 2001 to 2010, and the remaining age groups are nearly the same by 2010.



Source: Census Bureau

Overall, Iowa's workforce has gender balance. However, particular industries are more male or female dominant as illustrated in **Figure 26**. Males make up a larger number of the workforce in the manufacturing and construction sectors, and females make up a larger number of the workforce in the healthcare and social assistance and the educational services sectors.



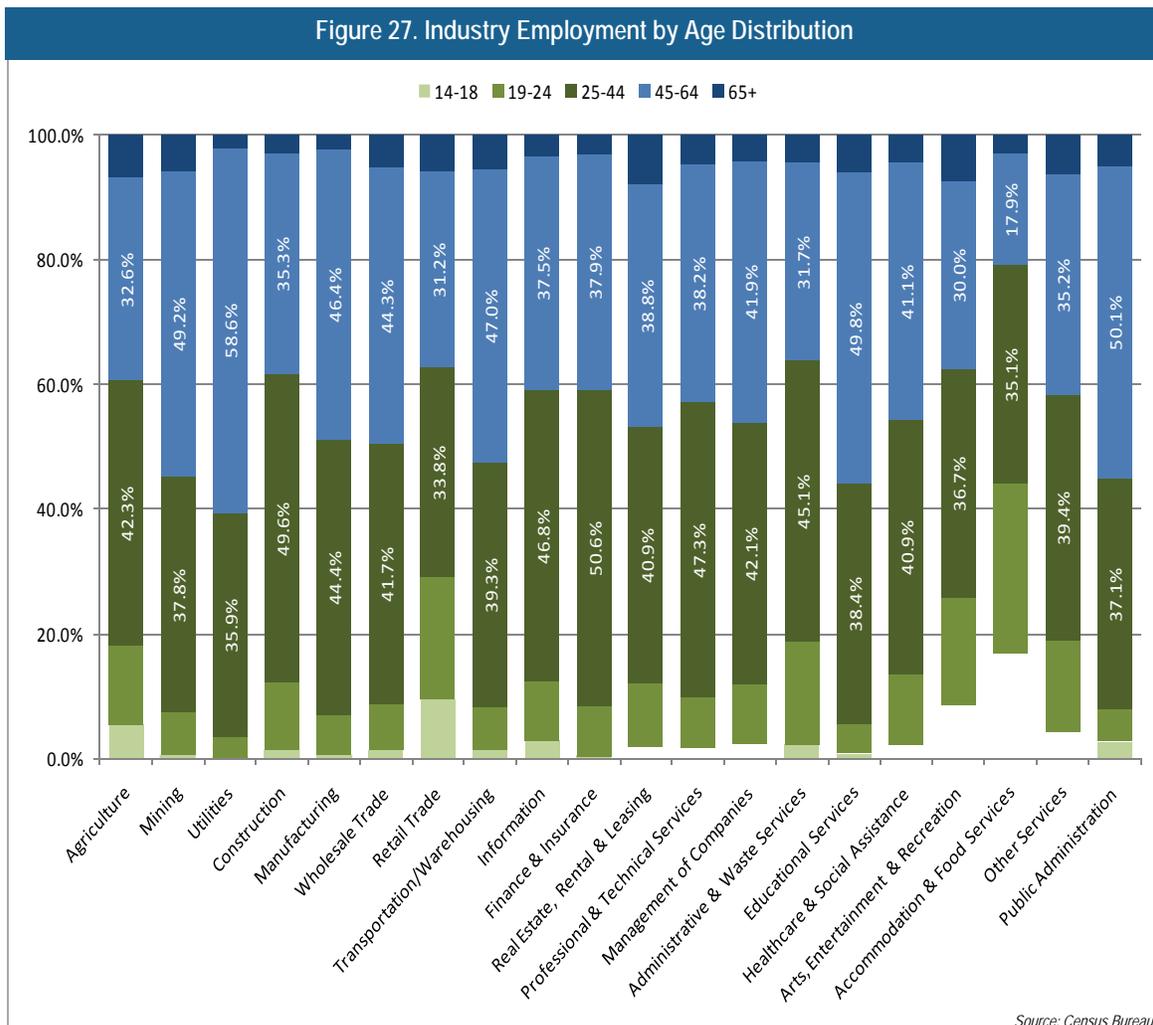
Source: Census Bureau

The top five industries by percentage of jobs (both genders combined, 2010 average employment) were in the food services and drinking places, administrative support services, nursing and residential care facilities, ambulatory health care services and by food manufacturing industries. While the top two industries are represented in the top five for each separate gender analyses, men additionally have higher employment in food manufacturing, specialty trade contractors and machinery manufacturing while women have higher employment in nursing and residential care facilities, ambulatory health care services and hospitals.



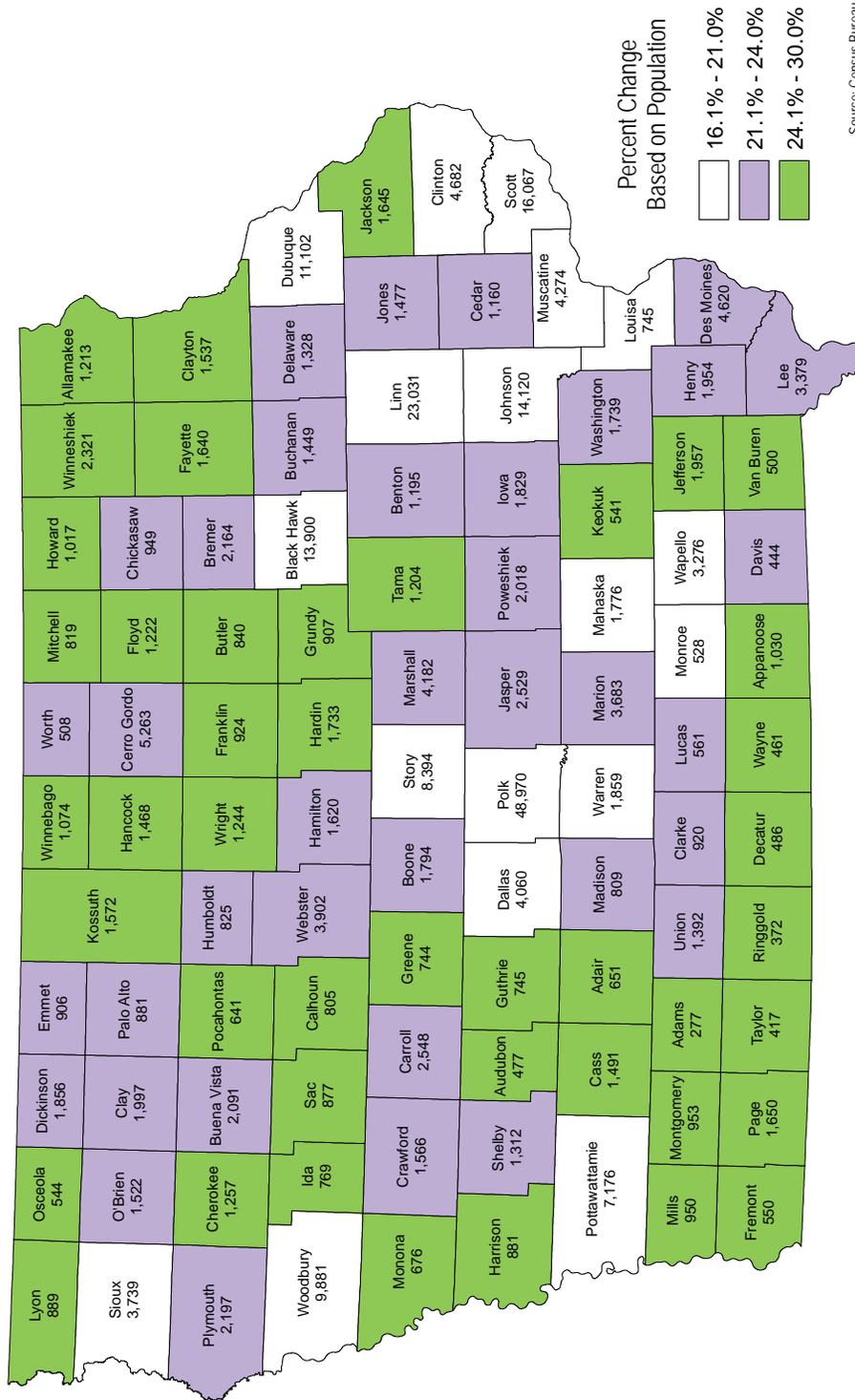
**Figure 27** illustrates the industries that will be most adversely affected due to an aging workforce, with blue colors representing those 45 and older. Percentages are annotated in the figure for the 25-44 and 45-64 age groups, representing the majority of workers.

Utilities, mining, educational services, public administration and transportation each have a majority of their workers 45 years and older. These encompass a wide variety of occupations that will each be affected by retirements. In addition, real estate and agriculture contain the highest number of those workers over 65 years of age.



For more detailed gender, industry, and age analysis visit <http://www.iowaworkforce.org/lmi/empstat/index.html>.

Figure 28. Percent Change in Workers Age 55 and older —2010



Source: Census Bureau

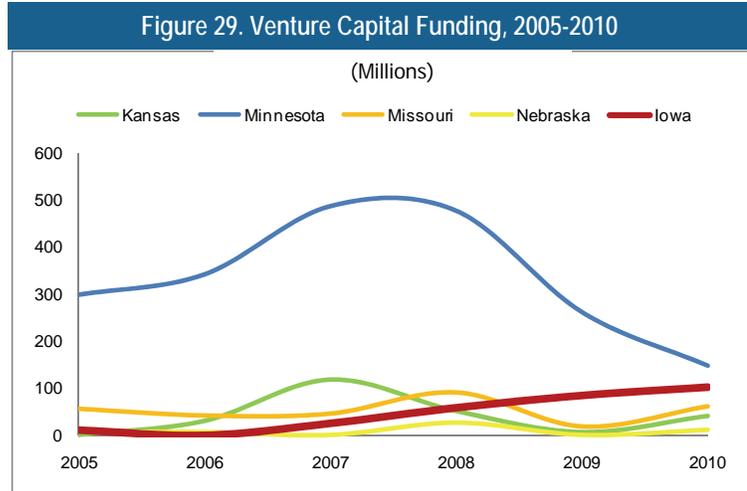
Iowa workers age 55 and above increased in all of Iowa's 99 counties from 2000 to 2010 as color-coded in Figure 28. The total number of workers in this age category are listed within each county on the map. Polk, Linn, Scott, Johnson, Black Hawk, Dubuque and Woodbury counties have the highest total number of workers over age 55 which makes sense due to the number of jobs within each county. However, the majority of counties that saw a large percentage increase in workers over the age of 55 from 2000 to 2010 were located in more rural areas. These higher percentage increases are due, in part, to their smaller population size.

## INNOVATION

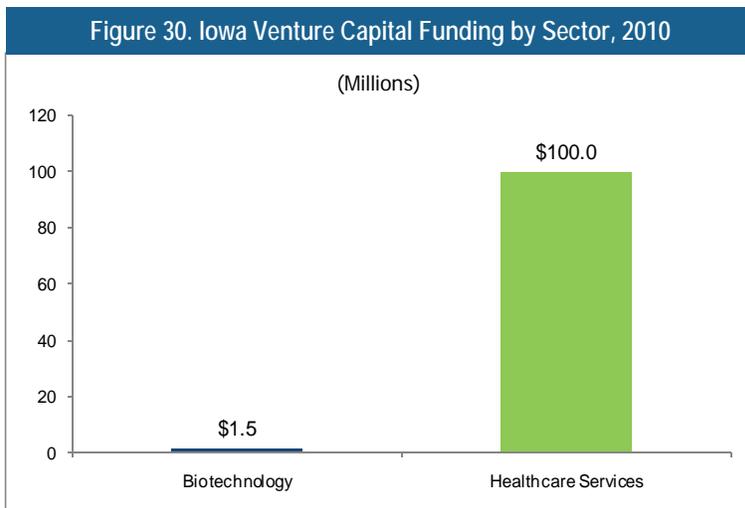
Whether it is renewable energy, healthcare or information technology, high-wage, growing industries rely on technological advancements. States can be effective in supporting innovation by encouraging new start-ups through venture capital funding and protecting intellectual property (patents).

### VENTURE CAPITAL FUNDING

Technology inventors and start-ups require access to business and entrepreneurial networks to get the support needed to move new technology from conception to the marketplace. Furthermore, entrepreneurs and start-ups need early stage funding to support their development and later stage funding for hiring workers and product launches. The amount of venture capital investment or private equity to early stage, high-growth companies is a particularly telling measure of innovation commercialization. While research and development dollars demonstrate the general nature of research and innovation taking place, the presence of venture capital shows these innovations to be commercially viable and potentially useful to society.



Source: PricewaterhouseCoopers



Source: PricewaterhouseCoopers

Between 2005 and 2008, venture capital funding in Iowa was low in comparison to the benchmark states, particularly Minnesota. Interestingly, since 2007, venture capital funding has risen in Iowa despite the slowdown in the rest of the benchmark states (Figure 29).

Figure 30 shows nearly all of the 2010 venture capital investment in Iowa was in the healthcare services sector (\$100 million) while additionally \$1.5 million was invested into biotechnology.

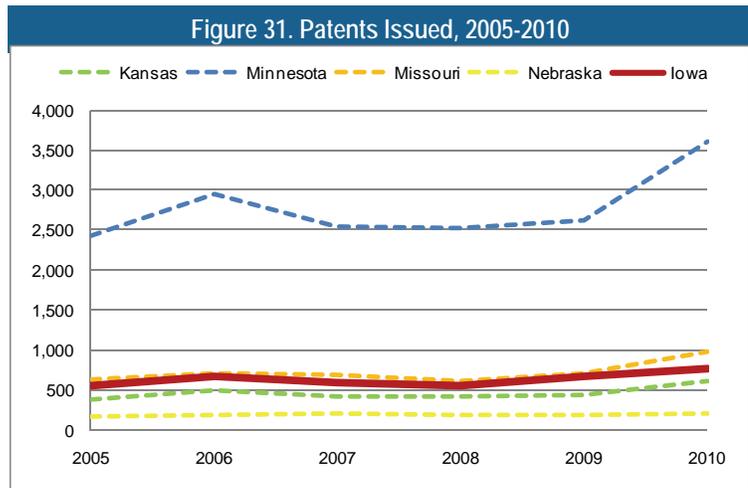
## PATENTS

Patents play a vital role in the advancement of science and technology, fostering innovation through intellectual property. They also provide another indication of the level of research and development activities taking place in a state.

Patent activity in Iowa has seen little change since 2005 generally staying within a range of 560 to 763 patents issued annually. While this is higher than Nebraska and Kansas; Minnesota has consistently experienced more patent activity than Iowa since 2005 and is unusually high in comparison (Figure 31).

This could be due to the multitude of research institutions and industries such as Mayo Clinic, IBM, Honeywell, 3M and the University of Minnesota.

U.S. patents issued represented 7.1 per population of 10,000. Minnesota's patent activity was second to the U.S. with 6.8 issued, followed by Iowa with 2.5, Kansas 2.2, Missouri 1.6 and Nebraska at 1.2. Iowa's patent activity per capita is approximately one-third of that found in Minnesota and the U.S. Additionally, it is double the number issued to Nebraska.

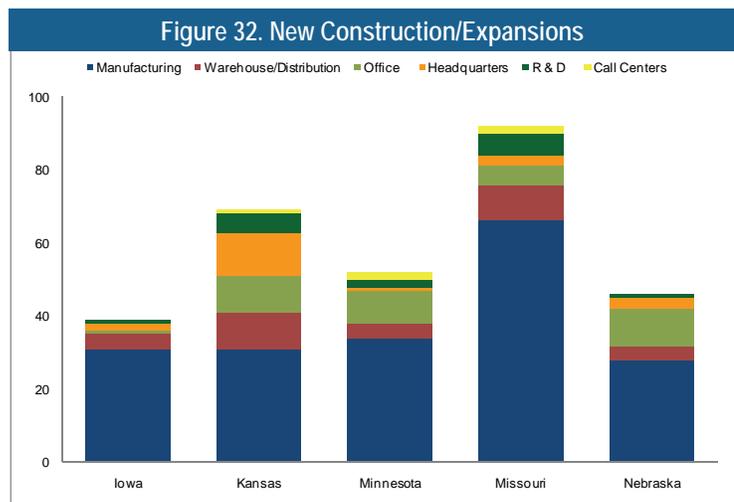


Source: US Patent and Trademark Office

## NEW CONSTRUCTION AND EXPANSIONS

As demonstrated in the previous sections, multiple factors affect how competitive locations are from a business climate perspective. The chart below shows 2010 new plant construction and expansions in Iowa as well as the benchmark states. The chart breaks down the data by project type which includes: manufacturing, warehouse and distribution, office, headquarters, R&D as well as call centers.

A total of 39 new construction and expansion projects took place in Iowa in 2010, down from 52 in 2009. Iowa was competitive in the manufacturing sector with a total of 31 projects, equal to Kansas and a higher number than Nebraska. Ten of these projects were new construction projects while 21 of them were expansions of existing facilities. Iowa had far less than the benchmark states in office, but was competitive compared to most in warehouse/distribution as well as R&D projects, two important components of the Iowa economy (Figure 32).



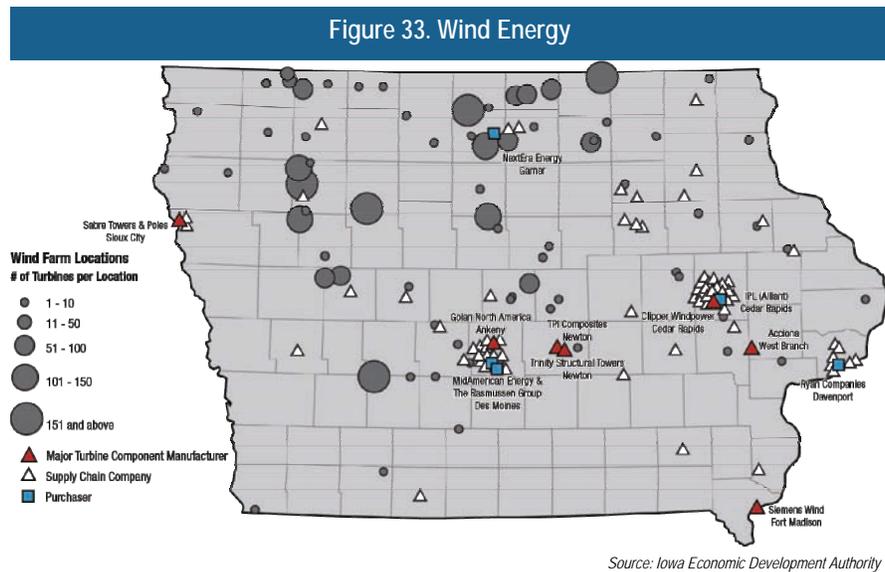
Source: Conway Data

## EMERGING INDUSTRIES

Renewable energy related industries accounted for an estimated 9,977 jobs in 2010, up from 5,391 in 2005.

### Wind

Iowa is a magnet for wind energy manufacturing companies, attracted by Iowa's strong manufacturing base, excellent transportation infrastructure and skilled workforce. Nine international wind-related manufacturing companies have located in Iowa (see **Figure 33**). Iowa leads the nation in wind generation as a percentage of total power output at 20 percent and ranks second nationally in current wind generation output with 4,495 megawatts installed and 2,893 turbines across the state.



### Ethanol

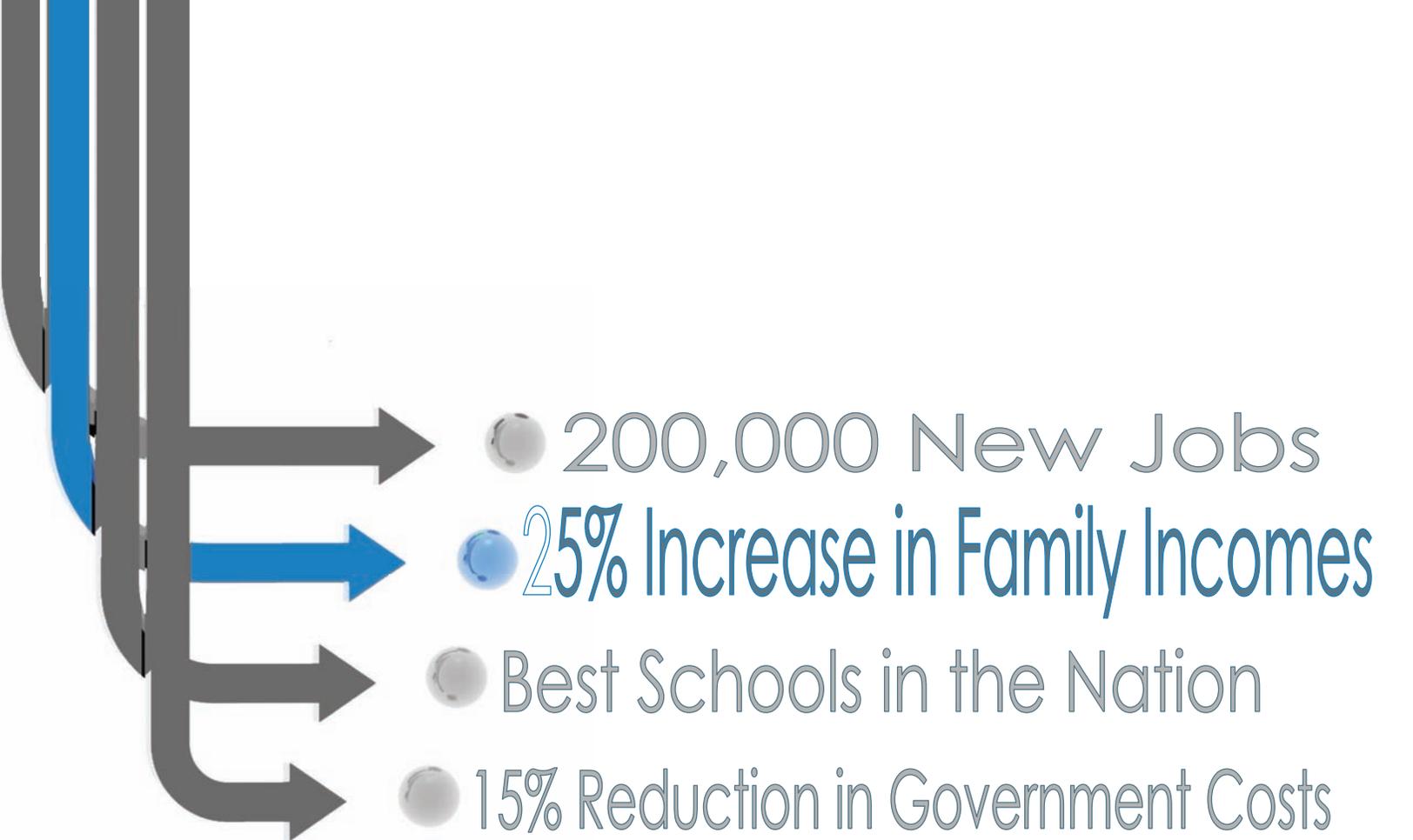
Iowa accounts for about 25 percent of all U.S. ethanol production and leads the nation in production of raw biomass. As of November 2010 there were 37 ethanol facilities in operation across Iowa producing approximately 3.28 billion gallons per year. The highest concentration of facilities are located in the north central and western portions of the state.

### Biodiesel

Iowa ranks fourth in biodiesel production nationwide and produced 317.5 million gallons at its 13 biodiesel plant locations during 2010. Biodiesel is a biodegradable, nontoxic alternative fuel that can be blended at any level with petroleum diesel.

## 200,000 NEW JOBS SUMMARY

- Iowa's economy is heavily dominated by trade, healthcare and manufacturing, that combined employ over 44 percent of the state's workers.
- The labor force grew by 2.6 percent in Iowa between 2005 and 2010.
- Healthcare and social assistance employment increased by nearly 17,000 between 2005 and 2010, the largest industry increase in the state.
- The sectors that lost the largest numbers of net jobs in Iowa between 2005 and 2010 were manufacturing (28,334), construction (9,978), retail and wholesale trade (8,621), and utilities (2,052).
- As of December 2010, Iowa had an unemployment rate of 6.1 percent, second only to Nebraska (4.7%), for the lowest among the benchmark states and significantly less than the U.S. unemployment rate of 9.6 percent.
- In 2010, 0.30 percent or 300 out of 100,000 adults started a business each month. This ranked Iowa 27<sup>th</sup> in the nation for new business growth in 2010.
- A total of 39 new construction and expansion projects took place within Iowa in 2010, the majority in manufacturing and warehouse/distribution sectors.
- Patent activity in Iowa has been relatively flat since 2005, and ranks second among the benchmark states in patents issued per capita (2.5 per 10,000 population).
- Renewable energy facilities employ an estimated 9,977 workers statewide.

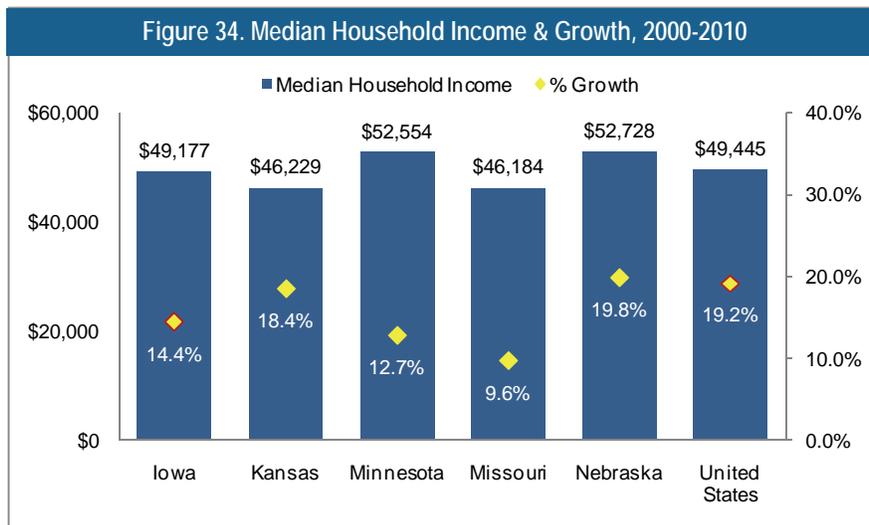


## 25% INCREASE IN FAMILY INCOMES

Another goal of this administration is to increase family incomes by 25 percent. This section will address current household income in Iowa as well as examine income distribution within the state. Thereafter, the business climate and quality of life provided in Iowa, including labor costs, taxes and utilities, and housing figures will be discussed.

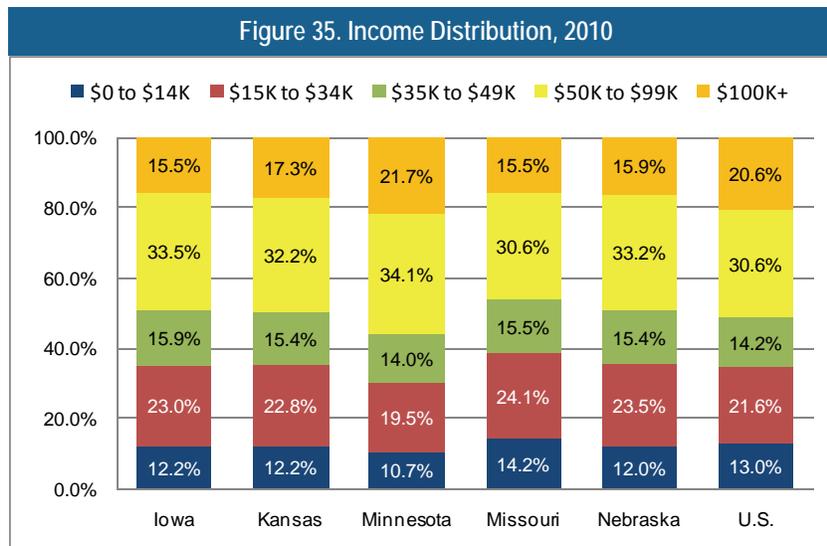
### INCOME

While median household income growth in Iowa has been relatively strong since 2000 (14.4%), the median household income in the state remains below \$50,000 a year. Missouri and Kansas have a lower median household income among the benchmark states and Iowa is \$268 lower than the national median household income (Figure 34).



Source: Census Bureau

The relatively low median household income of Iowa can be attributed to over half (51.1%) of Iowa households having an income of less than \$50,000 per year (Figure 35), and per capita personal income for 2010 at \$38,084. Attracting and expanding industries that bring higher-paying jobs, not just more jobs, needs to be a focus for the state. In addition, the creation of more higher-paying jobs will help to attract and retain talented workers in Iowa.



Source: Census Bureau

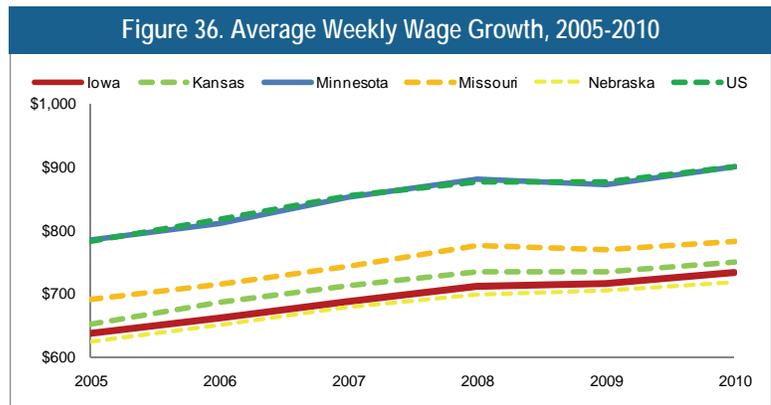
## BUSINESS CLIMATE AND QUALITY OF LIFE

This indicator area measures the capacity of the region to support business expansion and development opportunities. It identifies factors (outside of workforce development) most critical to small, medium and large employers in deciding where to locate or expand operations.

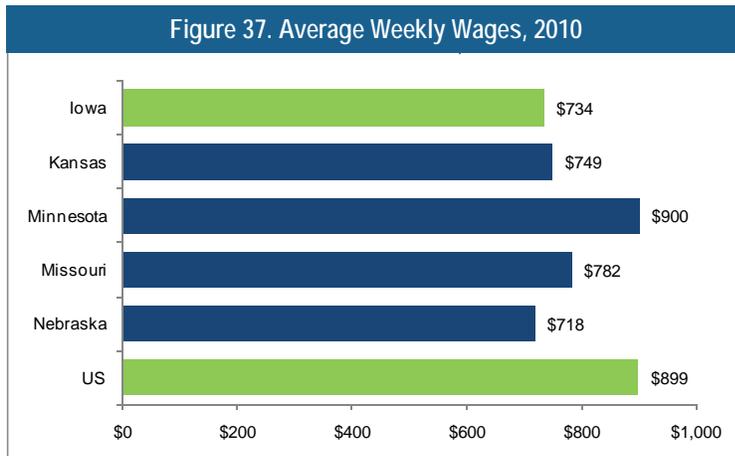
Labor costs, taxes, utility costs and quality of life factors are all important components to be considered. Quality of life indicators are a combination of several factors, some that are quantifiable and some that are not. Taken together, they provide a picture of how appealing a place is to both live and work – a critical factor for attracting and retaining both industry and talent.

### LABOR COSTS

Wages in Iowa are the second lowest among the benchmark states. On a weekly basis, wages in Iowa are \$165 less than average wages nationwide and lower than all but one of the benchmark states (Figures 36 & 37). While businesses seek competitively-priced regions for better profitability, they also want to locate in regions and states that have appropriately skilled labor. Though Iowa clearly has a strong labor force and multiple colleges and universities educating young smart talent, wage levels must be properly addressed to make it a selling point rather than a detractor.



Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

Wages have grown steadily in Iowa since 2005 (\$636 to \$734 in 2010), as is the trend among the benchmark states. Average weekly wage growth will assist in attracting workers to the state, retaining college graduates and building its already strong workforce. A skilled workforce is one of the top factors considered by companies today when deciding where to locate.



## TAXES AND UTILITIES

Tax burden and utility costs can play a strong role in a company's site location decision. Competitive tax climates are an important factor in attracting businesses.

Iowa's low ranking in the Tax Foundation's State Business Tax Climate Index is most heavily impacted by its ranking for corporate income tax. Iowa's top tax rate is one of the highest in the nation, but the study is incomplete in that it fails to take into account Iowa's federal deductibility or the fact that Iowa taxes corporate income based only on sales made within the state.

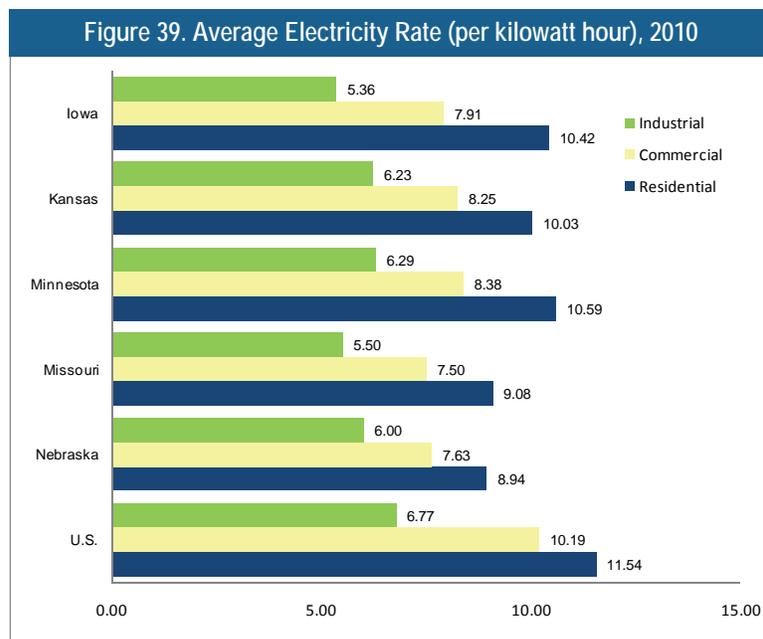
**Figure 38. Components of State Business Tax Climate (2011 Rankings)**

	Iowa	Kansas	Minnesota	Missouri	Nebraska
Overall Rank	45	35	43	16	29
Corporate Tax Rate Index Rank	47	35	44	5	34
Individual Income Tax Rank	42	21	38	25	31
Sales Tax Index Rank	31	32	38	15	17
Unemployment Insurance Tax Index Rank	33	7	39	9	13
Property Tax Index Rank	34	41	18	11	24

Source: The Tax Foundation

With that in mind, **Figure 38** shows Iowa's overall ranking of 45 (1 being the most business friendly) is lower than all of the benchmark states and the table demonstrates the components that make up the overall ranking. These are the five areas of taxation that impact business. High corporate tax rates in Iowa are in large part to blame for the state's low business tax climate ranking.

Nationally, residential property taxes per capita are \$1,419 annually which is \$64 greater than Iowa's state and local residential per capita property taxes of \$1,355 and earns Iowa a rank of 29<sup>th</sup> (tied with Kansas). Only Missouri ranks lower than Iowa, placing them at 15<sup>th</sup> with per capita property taxes of \$1,022. While the remaining two states rank close to Iowa, both pay higher residential property taxes on a per capita basis: Minnesota (32<sup>nd</sup>) \$1,413 and Nebraska (35<sup>th</sup>) \$1,562.



Source: US Energy Information Administration

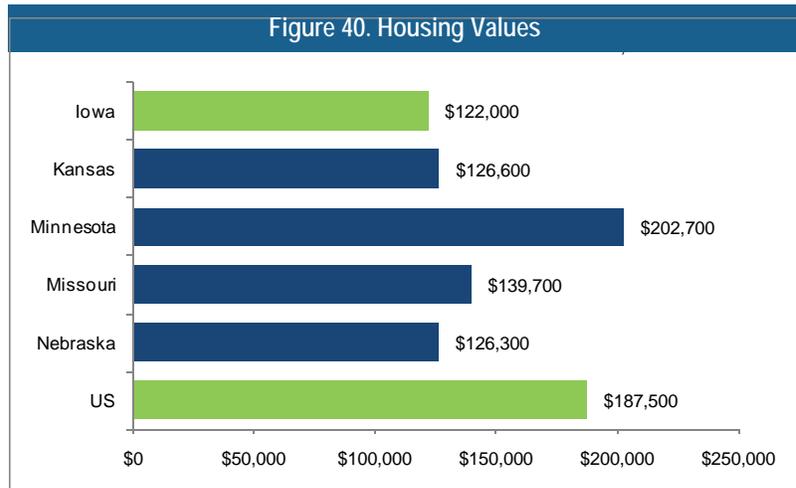
Electricity costs can also be a significant factor in a company's site location decision. This is particularly true for manufacturers whose operations require large amounts of electricity. Iowa is extremely competitive when looking at industrial electricity rates. Iowa has the least expensive industrial electricity rates among the benchmarks at 5.36 cents per kilowatt hour. This is nearly 1.5 cents less than the national average (**Figure 39**).

## HOUSING

A low cost of living and affordable housing prices are important to workers looking to relocate. Housing costs are the strongest component when measuring the affordability of a state.

Iowa is extremely competitive from a cost of living and housing price standpoint. It has the lowest housing costs (Figure 40) among the benchmark states.

As of 2010, Iowa's median home value was over \$65,500 less than the U.S. median home value. The affordability of housing should be utilized by the state and leveraged as a strong selling point for attracting new talent.



Source: Census Bureau

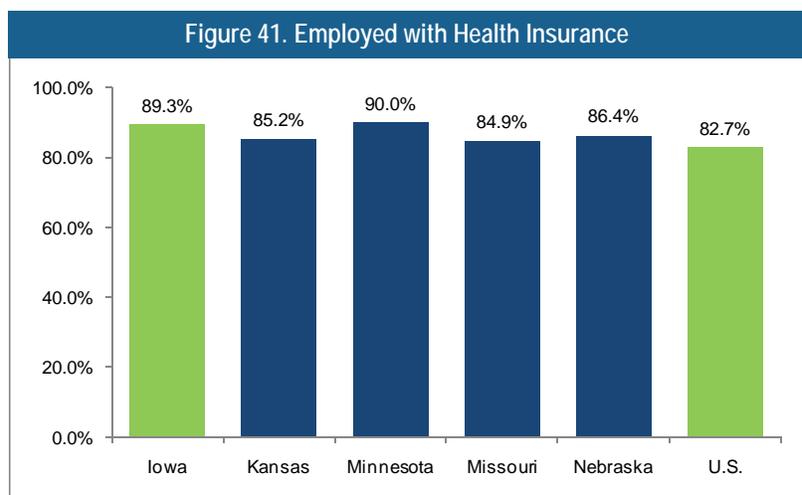
Iowa's average monthly rental rate of \$623 is the lowest among the benchmark states. In fact, Iowa's rental rate is over 25 percent below the national average of \$850. Minnesota's average of \$762 is \$139 greater than Iowa's and is followed by Kansas at \$678, Missouri at \$677 and Nebraska at \$651.

It should be noted, however, that certain regions of the state, particularly in rural counties, have a lack of quality housing options. So despite affordable housing costs, a lack of quality housing choices makes retaining and attracting talented workers to these regions a challenge.

## HEALTH INSURANCE COVERAGE

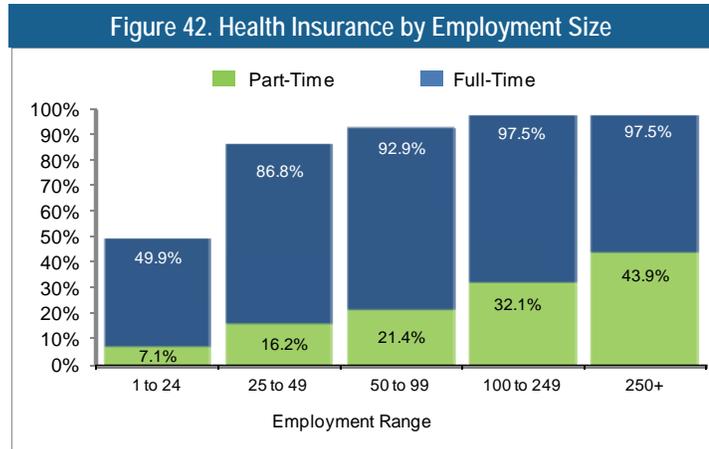
Prospective and current employees value health insurance inclusion in their employment benefit package.

Minnesota and Iowa rank as the top two states, with 90.0 and 89.3 percent respectively, for employed civilian labor force covered by health insurance (Figure 41).



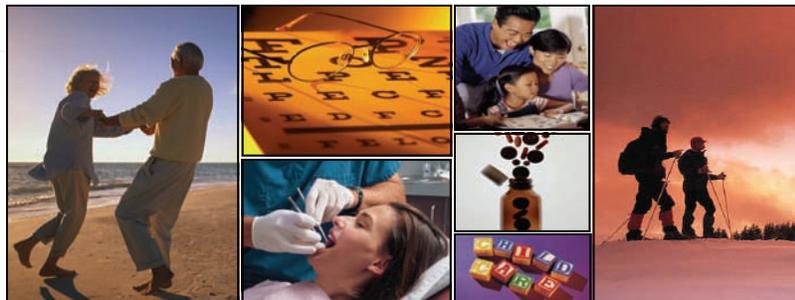
Source: Census Bureau

In addition to health insurance coverage, Iowa Workforce Development produces reports for the state of Iowa analyzing fringe benefit packages offered by employers across all industrial classifications and employment ranges. Responding businesses provide information on benefit packages offered throughout the state of Iowa. This information assists businesses, community leaders and workers to make better informed decisions on expansion and retention initiatives, community development projects and job offerings.



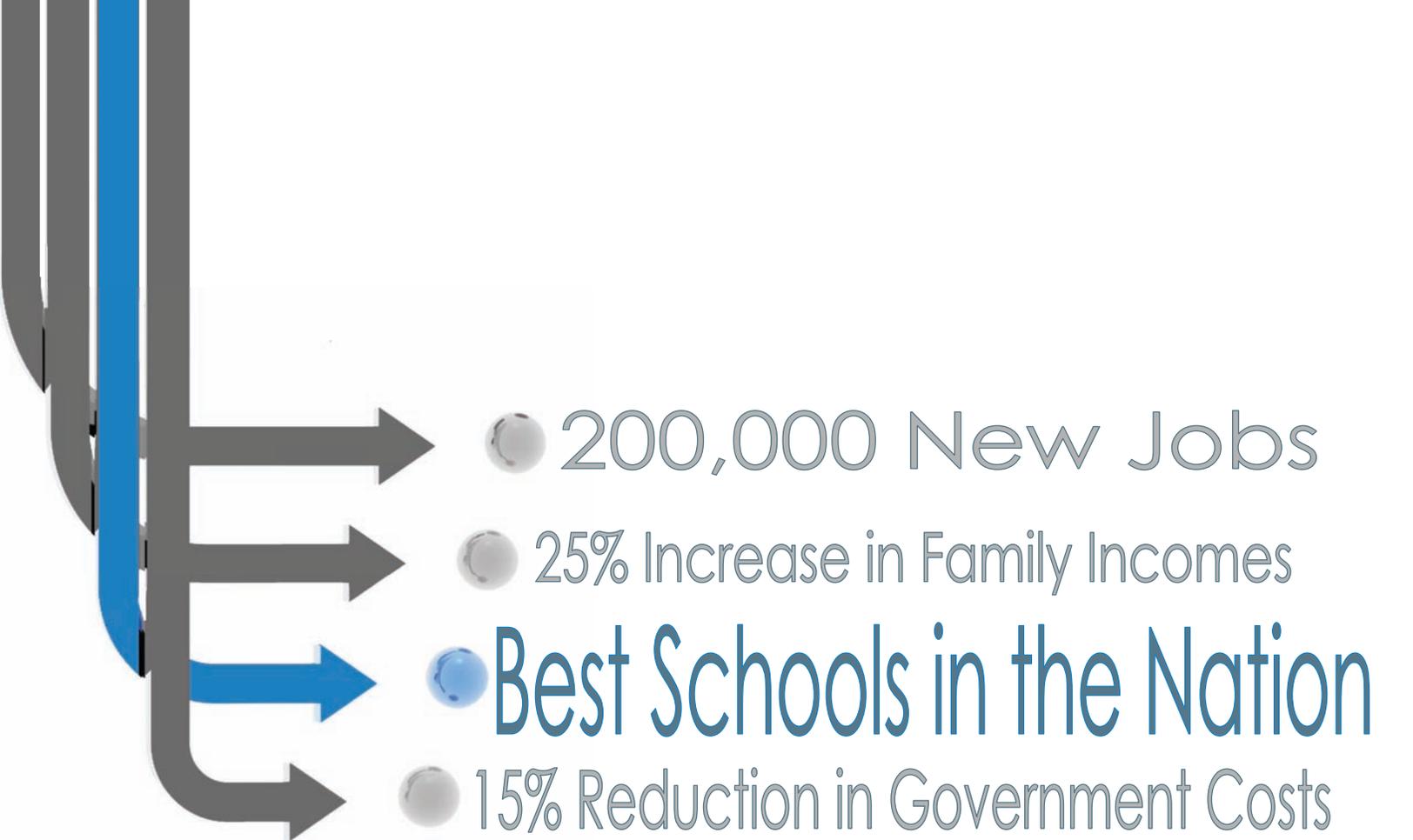
Source: Iowa Workforce Development

Figure 42 illustrates the percentage of employers by employment size in Iowa, that offer health insurance plans to employees, both full- and part-time. The majority of large Iowa employers offer medical insurance to their full-time employees. However, only half of the smaller establishments offer medical insurance to full-time employees. Additionally, Iowa employers offer other benefits to employees such as flexible spending accounts, company discounts, tuition assistance and incentives. Fringe Benefit Profiles are available at <http://www.iowaworkforce.org/lmi/labsur/benefits.htm>.



### 25% INCREASE IN FAMILY INCOMES SUMMARY

- Iowa's median annual household income ranks third among the benchmark states at \$49,177; \$268 per year lower than the national median household income.
- Average weekly wages in Iowa were \$734 in 2010, second lowest among the benchmark states, ranking 43rd in the nation (national average \$899).
- Iowa's business tax climate ranks low due to high corporate tax burden..
- Industrial electricity rates in Iowa are extremely competitive at 5.36 cents per kilowatt hour.
- Housing prices in Iowa are substantially lower than the U.S. average and lowest among the benchmark states.
- Median rents in Iowa are also much lower than the U.S. average and lower than all of the benchmark states.



## BEST SCHOOLS IN THE NATION

Regions and states with an established pipeline of young professionals with advanced degrees in varying fields of study help provide a deep and diverse talent base from which to recruit and retain high-impact industries. Employers say they need a better-prepared, better-trained work force. That means higher expectations for schools. Once Iowa's educational system was recognized globally as a leader in education, however today it is in the middle of the pack. Additionally, the quality of K-12 schools and programs that expose young students to varying career options is important to developing Iowa's available human capital. This section includes indicators on Iowa's rankings compared to benchmark states and the nation regarding education.

### K-12 PROGRAMS

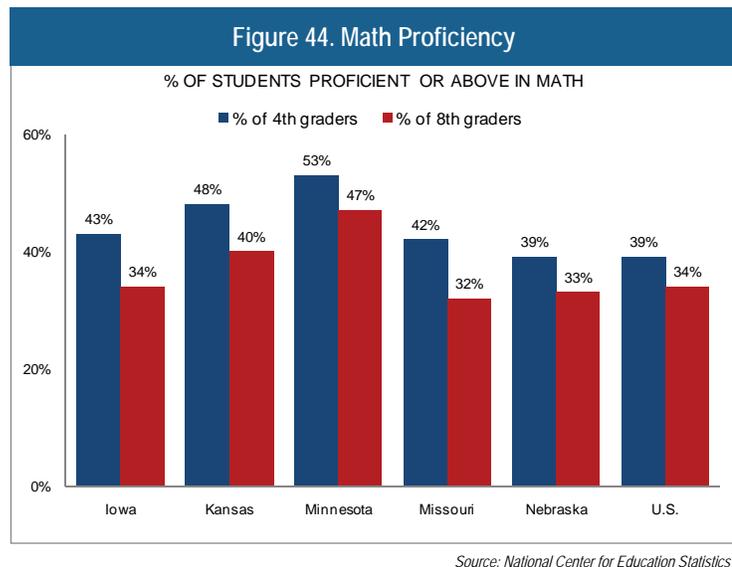
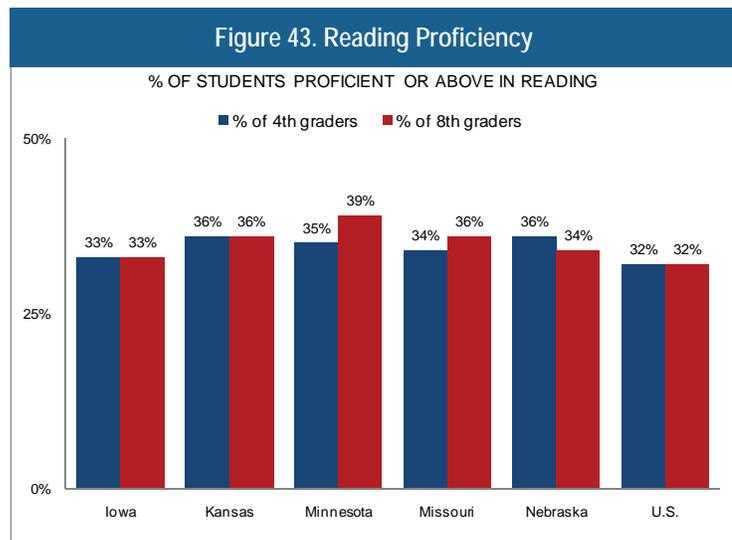
Leveraging the state's strength in K-12 education is important moving forward. Continuing to expand on programs that educate the state's youth about the multiple higher-education opportunities and career options that exist statewide is important for ensuring that Iowa is capitalizing on its strong K-12 educational system.

It is apparent that Iowa recognizes its young people as one of its strongest assets, and the state is quite effective in laying the educational foundation necessary for preparing them for careers down the road.

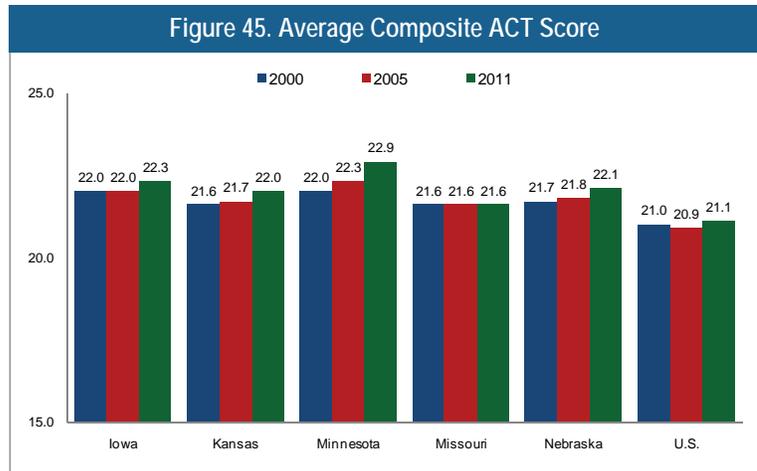
Figures 43 and 44 illustrate where Iowa students rank in proficiency in both reading and mathematics with measurements taken in fourth and eighth grades as reported by the Institute of Education Sciences' National Assessment of Educational Progress (NAEP). The percentage of students that attained an achievement level of proficient or above are delineated in the charts to the right.

Though Iowa has a lower percentage than all of the benchmark states in reading proficiency, the difference is not substantial and the percentage is slightly higher than the national average.

Minnesota and Kansas are higher in mathematics proficiency, however, Iowa scores well in comparison to Missouri, Nebraska and the nation as a whole.



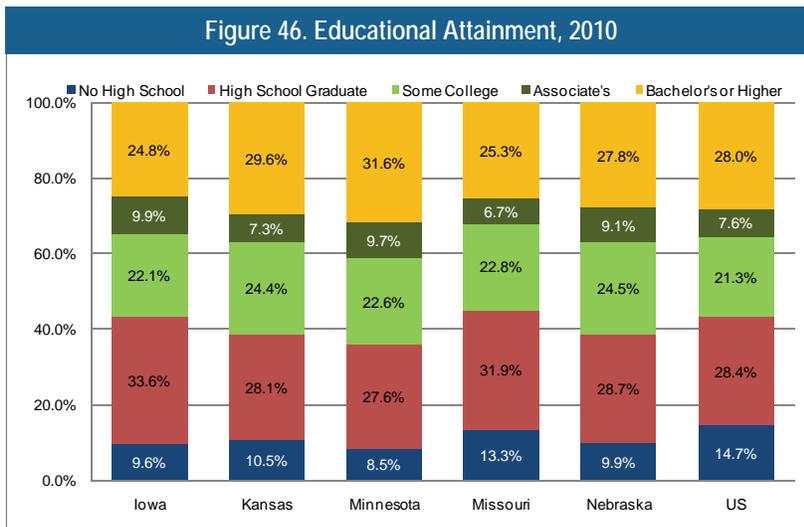
**Figure 45** illustrates average composite ACT scores for Iowa, the nation and the benchmark states. ACT composite scores range from one to 36. These scores are a combination of four subject areas; English, mathematics, reading and science. Other than Minnesota, Iowa has maintained higher composite scores than all benchmark states and the nation as a whole in 2000, 2005 and 2011.



Source: ACT

### EDUCATIONAL ATTAINMENT

High school freshman graduation rates for public secondary schools within Iowa are quite strong. Statistics provided by the *Digest of Education Statistics* show that Iowa had an average freshman graduation rate of 85.7 percent in the 2008 - 2009 school year (the most recent year available). This average is more than 10 percent higher than the national average (75.5%). Minnesota (87.4%) leads the way in average freshman graduation rates among the benchmark states (Missouri - 83.1%, Nebraska - 82.9%, and Kansas - 80.2%). The average freshman graduation rate provides an estimate of the percentage of students who receive a regular diploma within four years of entering ninth grade.



Source: Census Bureau

Slightly less than 25 percent of Iowa's population 25 years of age or older holds a bachelor's degree or higher. This ranks lowest among the benchmark states and lower than the U.S. as a whole (**Figure 46**). However, Iowa has more high school graduates and less population without a high school diploma than the majority of the other benchmark states. Iowa also has a larger percentage of residents with an associate's degree.



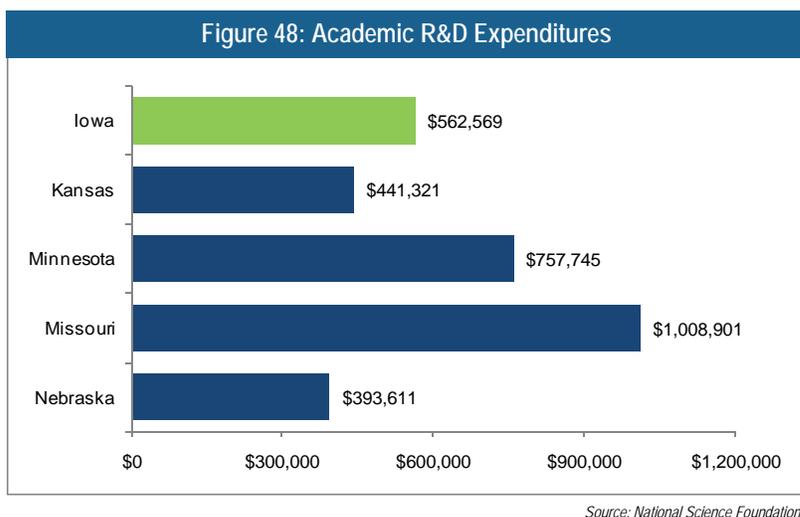
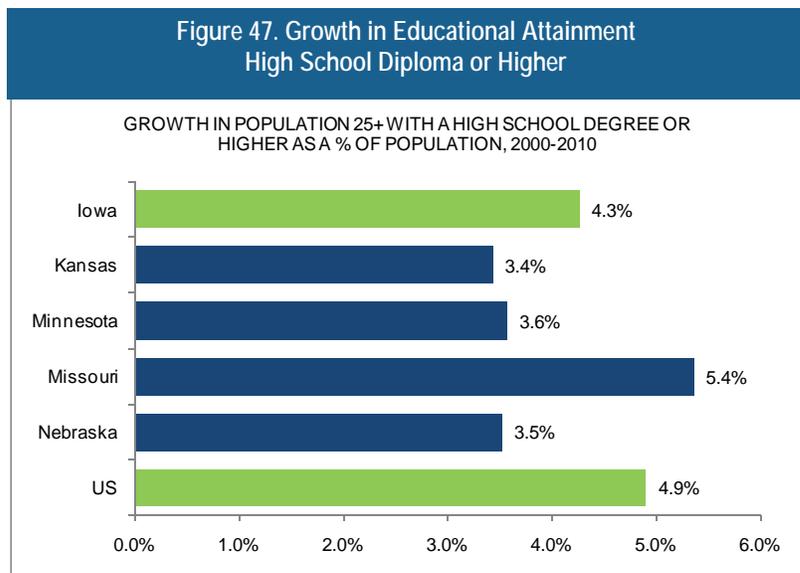
When analyzing those with a high school education or higher, Missouri and Iowa have the highest percentage of population growth from 2000 to 2010 of those 25 years of age and older compared to the other benchmark states (Figure 47).

Between 2000 and 2010, Iowa's percentage of population 25 years or older with a bachelor's degree or higher grew by 4.3 percent, which was the second highest among the benchmark states and only 0.6 percent less than U.S. Only Missouri ranked higher with a growth rate of 5.4 percent.

## RESEARCH AND DEVELOPMENT

As touched on before in the 'Innovation' section, the state can be effective in supporting innovation by supporting human capital (education) and funding pre-commercial technology (research and development). Iowa's Research Activities Tax Credit (RAC) promotes business research and new technology by offering tax credits to businesses.

In 2009, nearly \$563 million was invested in research and development activities. This ranks third among the benchmark states (Figure 48). In addition, 180 corporations and 860 individuals claimed \$48.3 million in tax credits.



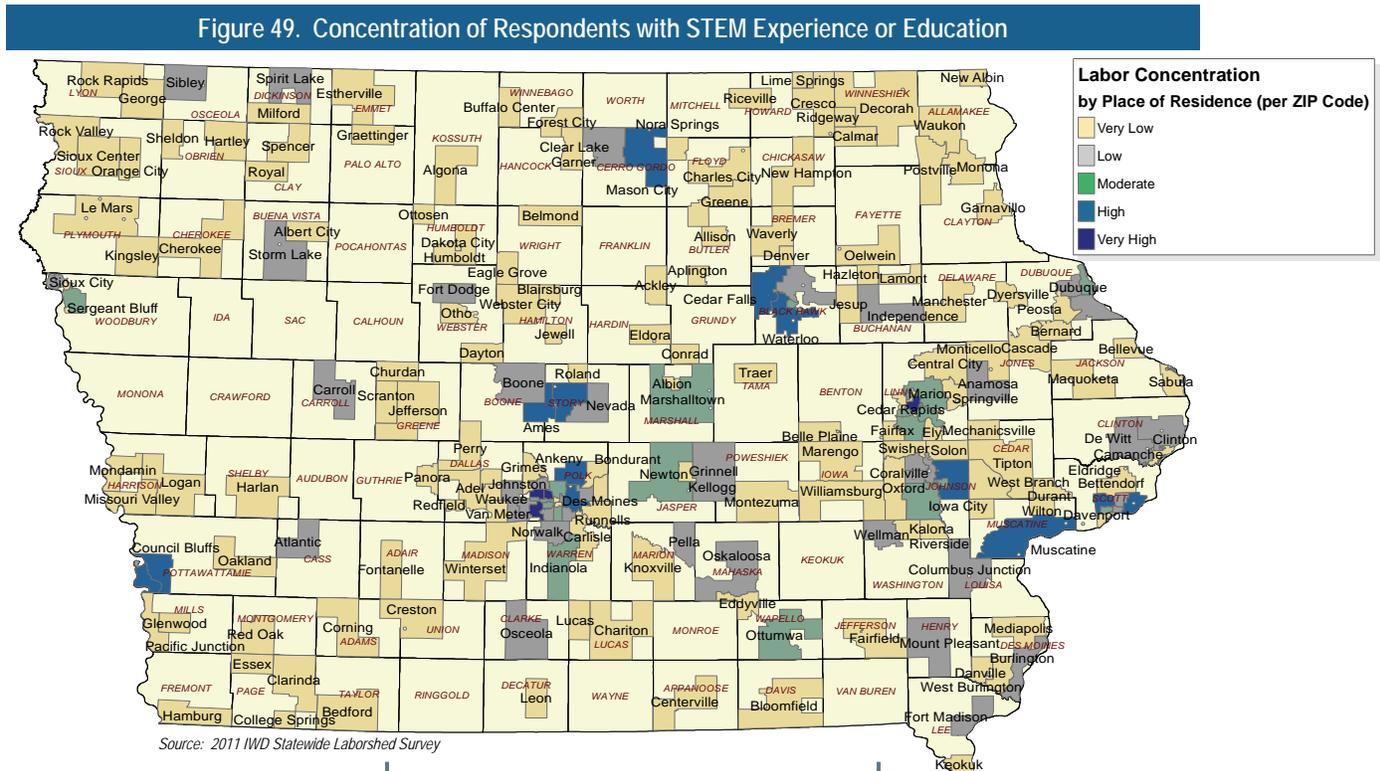
## SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS

Science, technology, engineering and mathematics education and experience are crucial elements for innovation. The State relies on its workforce to excel in these areas in order to maintain a competitive edge in education, commerce, and technological advancements. In the fall of 2011, the Governor's office formed the Science, Technology, Engineering and Mathematics (STEM) Advisory Council. This council will work to grow Iowa's commitment to bolstering STEM education, STEM innovation and to better position Iowa's workforce and the state's economy for the future. The following section provides a snapshot of the distribution of the supply and demand of labor in Iowa within STEM disciplines; and also includes an analysis of supply and demand across the state.

## Labor Characteristics (STEM)

Figure 49 and the data below originates from the 2011 Statewide Laborshed Study. A Laborshed is defined as the area or region from which an employment center draws its commuting workers. This Statewide Analysis is composed of 6,000 responses of individuals in the State of Iowa. Surveys were conducted in each ZIP code based on a random sample of the population between 18 and 64 years of age and weighted by the total number of people in each ZIP code.

The map and accompanying data below represent where the respondents with experience and education in STEM disciplines live by ZIP code and their responses to the survey questions.



### STEM Discipline Breakdown:

- 9.0% Chemistry
- 44.1% Computer Science
- 26.6% Engineering
- 29.7% Environmental Science
- 0.9% Geosciences
- 13.2% Life Sciences
- 1.4% Mathematics
- 9.4% Physics/Astronomy

*(Totals greater than 100% due to some occupational codes belonging to more than one STEM Discipline)*

### Employment Status:

#### 82.6% Employed

- 22.2% of the employed are willing to change employment

#### 6.0% Unemployed

- 83.0% of the unemployed are willing to accept employment

#### 3.5% Homemakers, Not Employed

- 51.9% of homemakers are willing to accept employment

#### 8.0% Retired

- 28.6% of the retired are willing to accept employment

### Education Levels:

- 79.3% Education beyond high school
- 3.7% Trade certified
- 1.4% Vocational training
- 11.6% Associate degree
- 34.7% Undergraduate degree
- 13.2% Postgraduate degree

### Other Facts:

- 60.0% paid an annual salary
- 76.8% are/were full-time
- 6.4% are/were part-time
- 16.1% are/were self-employed
- 10.3% hold more than one job
- Currently working an average of 44 hrs/week

### Underemployment:

Total Underemployment - 2.7%

- Low hours - 0.9%
- Mismatch of skills - 1.1%
- Low income - 1.0%

*(IWD only counts individuals once when estimating Total Underemployment.)*

### Current Benefits:

- Health/medical insurance - 93.6%
- Pension/Retirement/401K - 67.7%
- Dental coverage - 49.7%
- Paid vacation - 45.1%
- Vision coverage - 29.9%
- Life insurance - 27.1%
- Paid holidays - 19.6%
- Paid sick leave - 18.9%

### Flexibility in the Workplace:

*(by percent of interest)*

- Job teams - 76.6%
- Cross-training - 76.1%
- Job sharing - 39.9%
- Varied shifts (2nd, 3rd, & split) - 26.6%
- Temporary work - 42.9%
- Seasonal work - 39.2%

### Top Advertising Media:

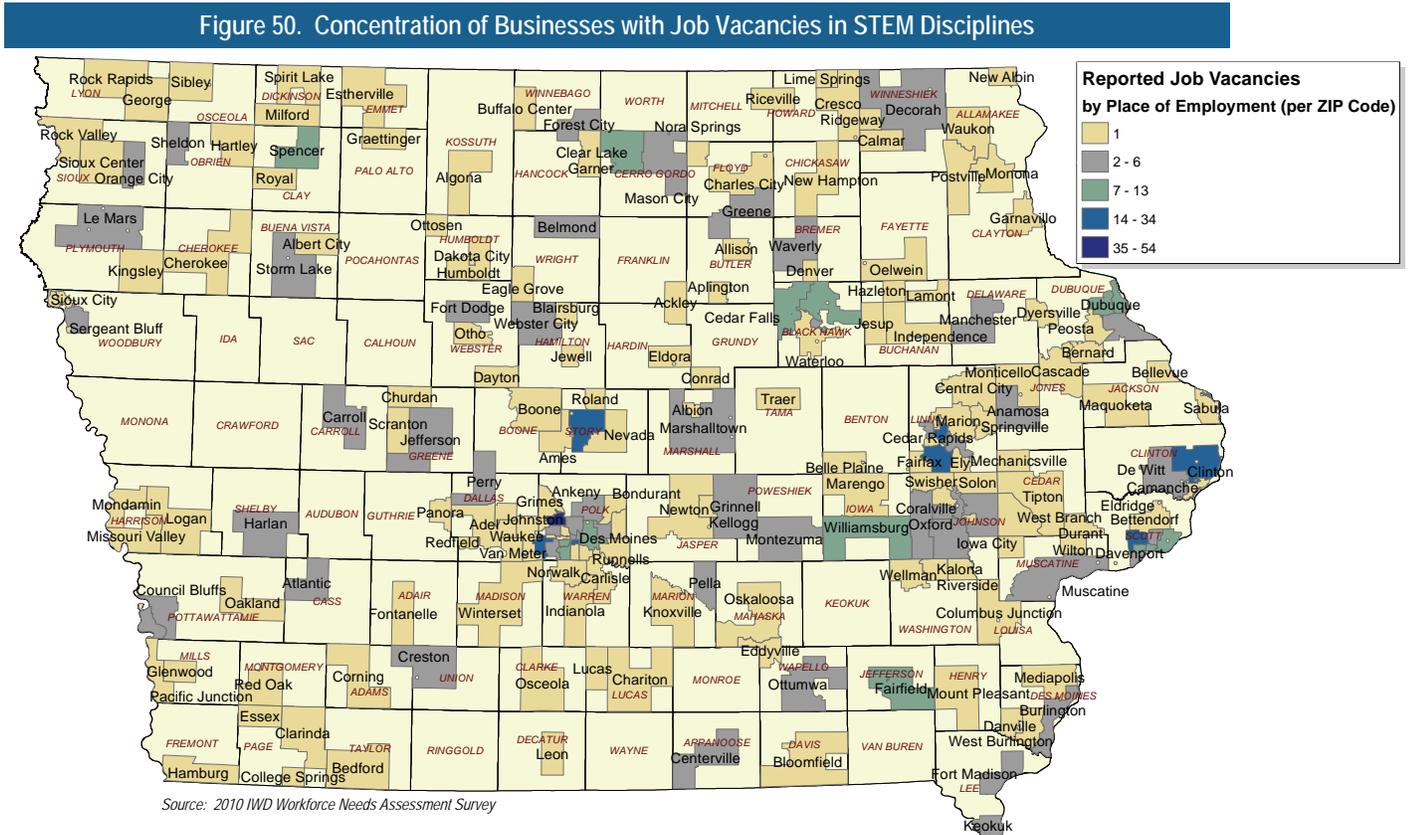
*(for those seeking employment opportunities)*

- The Internet
- Local/Regional Newspapers
- Networking through family, friends, acquaintances
- Local IowaWORKS Centers

## Workforce Needs (STEM)

Figure 50 and the data below originates from the 2010 Workforce Needs Assessment Survey (Job Vacancy). Employers across the state were asked to participate in the survey using on-line technology. The statewide analysis is composed of 9,278 business responses across all different company sizes and industries.

The map and accompanying data below represent where the businesses that have job vacancies in STEM disciplines across the state are located.



### STEM Discipline Breakdown:

- 9.4% Chemistry
- 29.1% Computer Science
- 25.8% Engineering
- 47.0% Environmental Science
- 0.8% Geosciences
- 10.8% Life Sciences
- 2.6% Mathematics
- 10.2% Physics/Astronomy

*(Totals greater than 100% due to some occupational codes belonging to more than one STEM Discipline)*

### Job Type:

- 86.4% Full Time
- 8.0% Part Time
- 5.6% Seasonal or Temporary

### Occupational Categories:

- Professional, Paraprofessional, & Technical - 56.5%
- Management & Administrative - 36.9%
- Production, Construction & Material Handling - 5.4%
- Agriculture - 0.4%
- Clerical & Admin Support - 0.4%
- Service Occupations - 0.2%

### Career Experience Requirements:

- No Experience Needed - 14.2%
- Less than 1 Year - 9.2%
- One to Two Years - 30.9%
- Three to Five Years - 29.0%
- More than Five Years - 16.7%

### Education Requirements:

- 6.3% No Education Requirement
- 17.8% High School Diploma/GED
- 11.7% Trade/technical certification
- 2.9% Vocational training
- 11.7% Associate degree
- 41.4% Undergraduate degree
- 8.1% Postgraduate degree

### Top Advertising Media:

*(for employers offering job opportunities)*

- The Internet
- Local/Regional Newspapers
- Local Iowa Workforce Development Centers
- College/University Career Services Offices

Figure 51 lists the top occupations across STEM disciplines by projected annual growth rate and median hourly wages. Network Systems and Data Communications Analysts are in high demand, projected to grow 5.4 percent annually. The majority of the occupations listed are/can be employed in many different industries.

Figure 51. Statewide High Growth STEM Occupations		
Occupation	Projected Annual Growth Rate	Statewide Median Wage
Network Systems and Data Communications Analysts	5.4%	\$ 31.75
Medical Scientists, Except Epidemiologists	4.3%	\$ 32.27
Computer Software Engineers, Applications	3.4%	\$ 35.03
Computer Software Engineers, Systems Software	3.1%	\$ 37.02
Compliance Officers, Except Agriculture, Construction, Health and Safety, and Transportation	3.1%	\$ 23.08
Cost Estimators	2.6%	\$ 23.57
Civil Engineers	2.3%	\$ 35.54
Accountants and Auditors	2.3%	\$ 25.48
Computer Systems Analysts	2.2%	\$ 32.44
Actuaries	2.2%	\$ 44.66
Industrial Engineers	2.1%	\$ 33.11
Environmental Scientists and Specialists, Including Health	2.1%	\$ 23.86
Network and Computer Systems Administrators	1.9%	\$ 29.10

Source: Iowa Occupational Projections 2008-2018

Starting average wages offered by employers can be one of the reasons they have difficulty filling vacancies. Using data compiled from the Iowa Workforce Needs Assessment (Job Vacancy Survey) and the Occupational Employment Statistics (OES) survey identifies that there is a large difference in the starting average wages that are offered to job candidates and the average wages currently being paid to employees in these STEM disciplines. Figure 52 illustrates that the average starting wage offered by employers in the chemistry STEM discipline is much lower (\$24.61/hour) than what qualified workers are currently receiving for an OES average wage (\$35.29/hour). The starting average wage is much more comparable to the OES entry-level wage for this STEM discipline.

Figure 52. STEM Vacancy Wages vs. Average Starting Wages			
STEM Discipline	Average Starting Wage	OES Entry Level Wage	OES Average Wage
Chemistry	\$24.61	\$25.92	\$35.29
Computer Science	\$21.84	\$18.81	\$26.27
Engineering	\$20.64	\$20.82	\$28.67
Environmental Sciences	\$20.32	\$21.41	\$32.97
Geosciences	*	\$34.24	\$44.76
Life Sciences	\$15.85	\$14.98	\$20.03
Mathematics	\$19.09	\$22.67	\$32.60
Physics & Astronomy	\$24.31	\$27.71	\$38.66

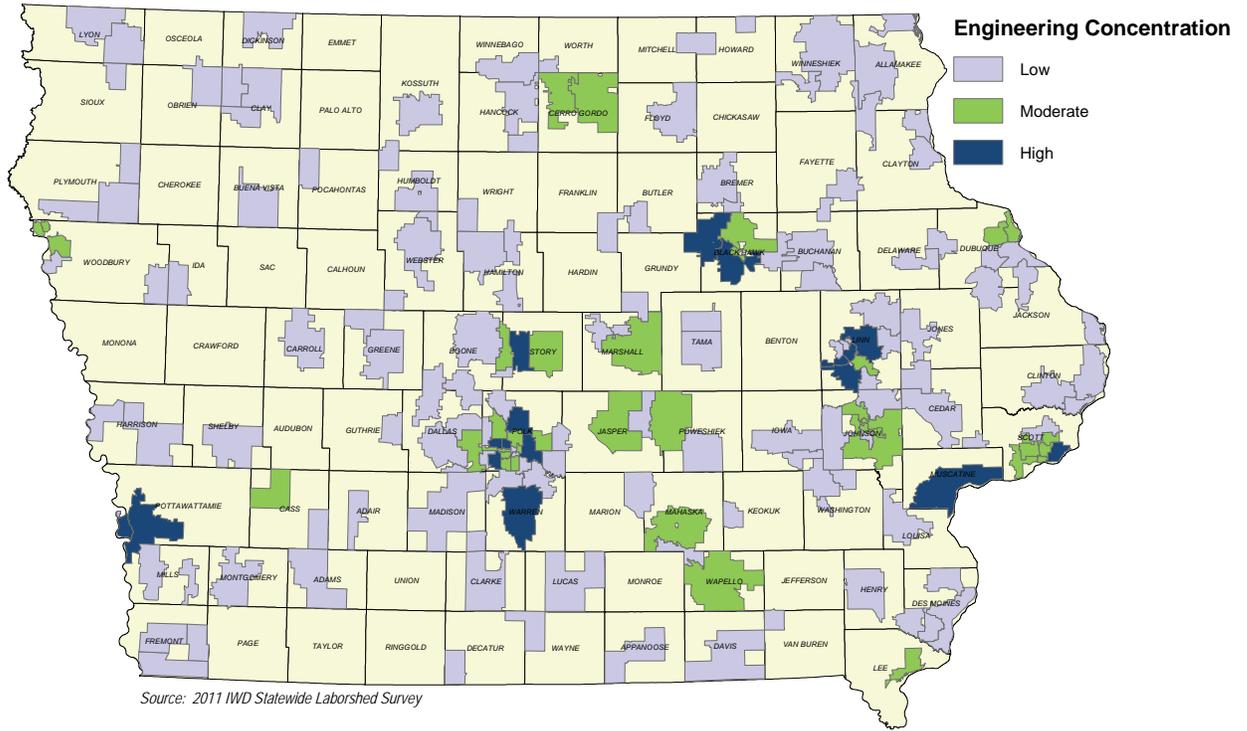
Sources: Average Starting Wage - 2010 Workforce Needs Assessment Survey

OES Entry & Mean Wage - 2010 Occupational Employment Statistics (OES)

\*Insufficient Data/Refused

Analyzing each STEM discipline individually provides an opportunity to identify where gaps might exist in the supply and demand of occupational groups. **Figures 53 and 54** below represent visually where the supply and demand for workers with engineering education or experience exist across the state. **Figure 55**, on the next page, illustrates the overlay of the supply and demand data.

**Figure 53. Supply of Workers with Engineering Education/Experience**



**Figure 54. Demand for Workers with Engineering Education/Experience**

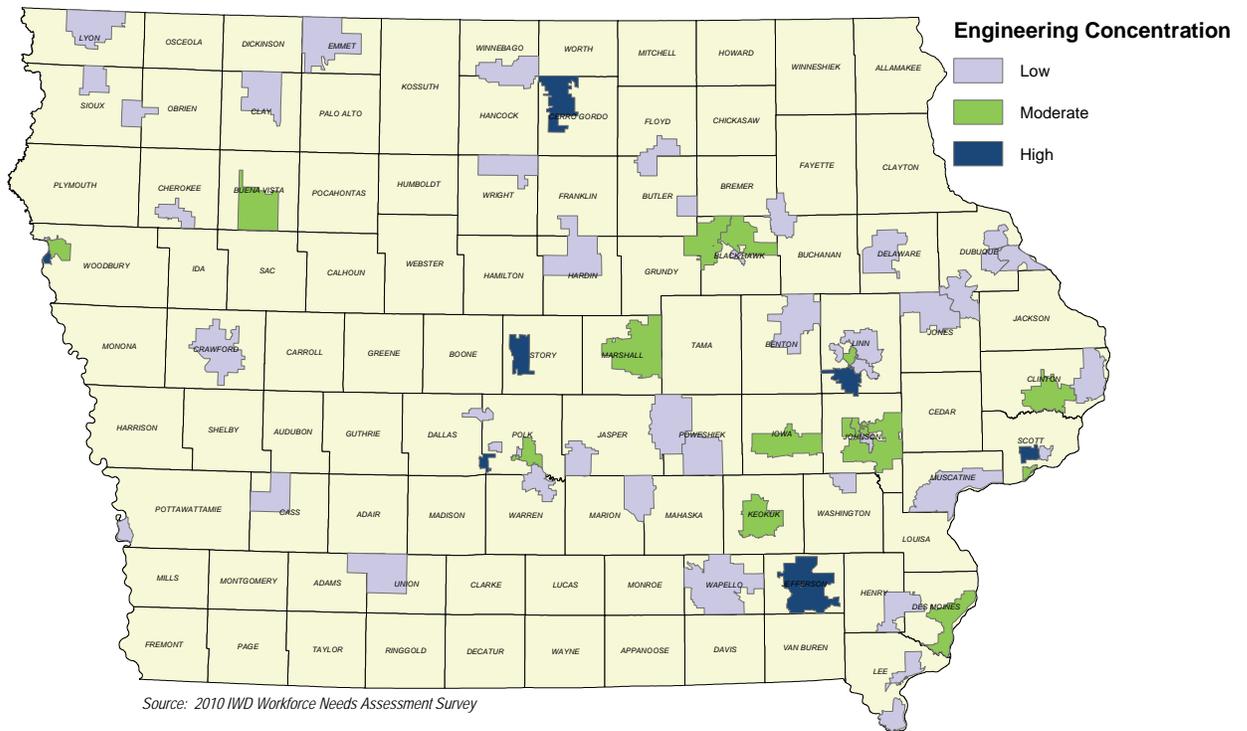
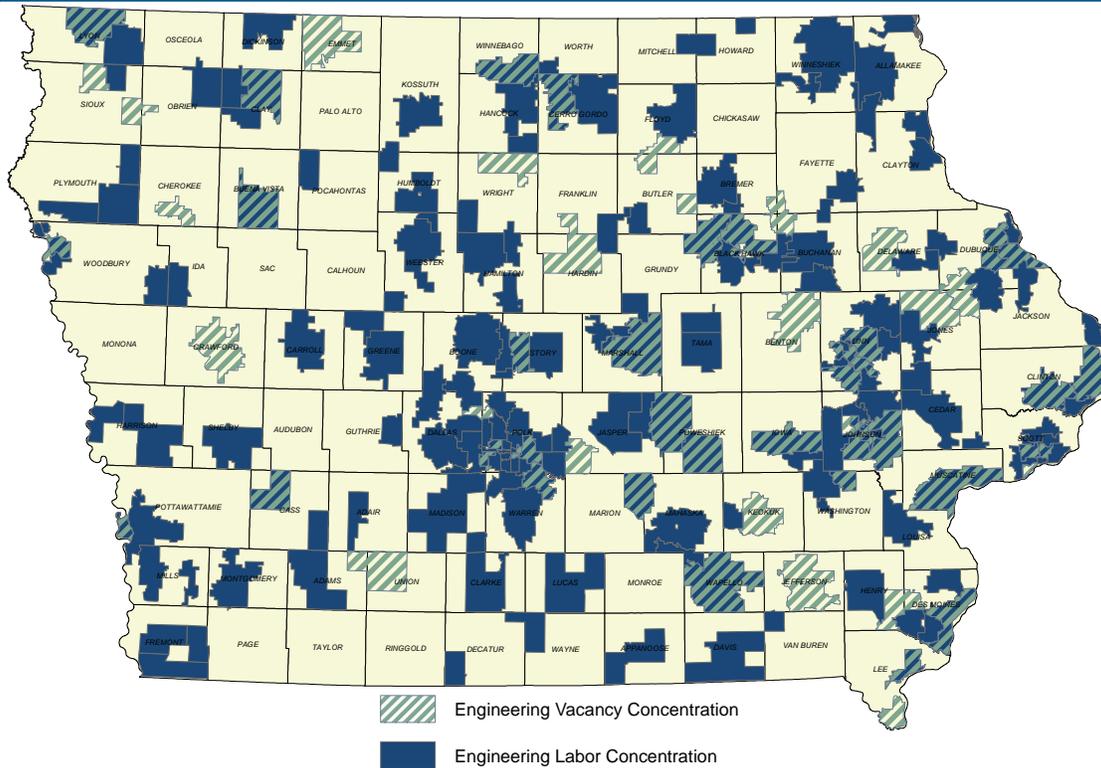


Figure 55. Supply & Demand Overlay of Engineering Discipline



Source: 2011 IWD Statewide Laborshed Survey and 2010 IWD Workforce Needs Assessment Survey

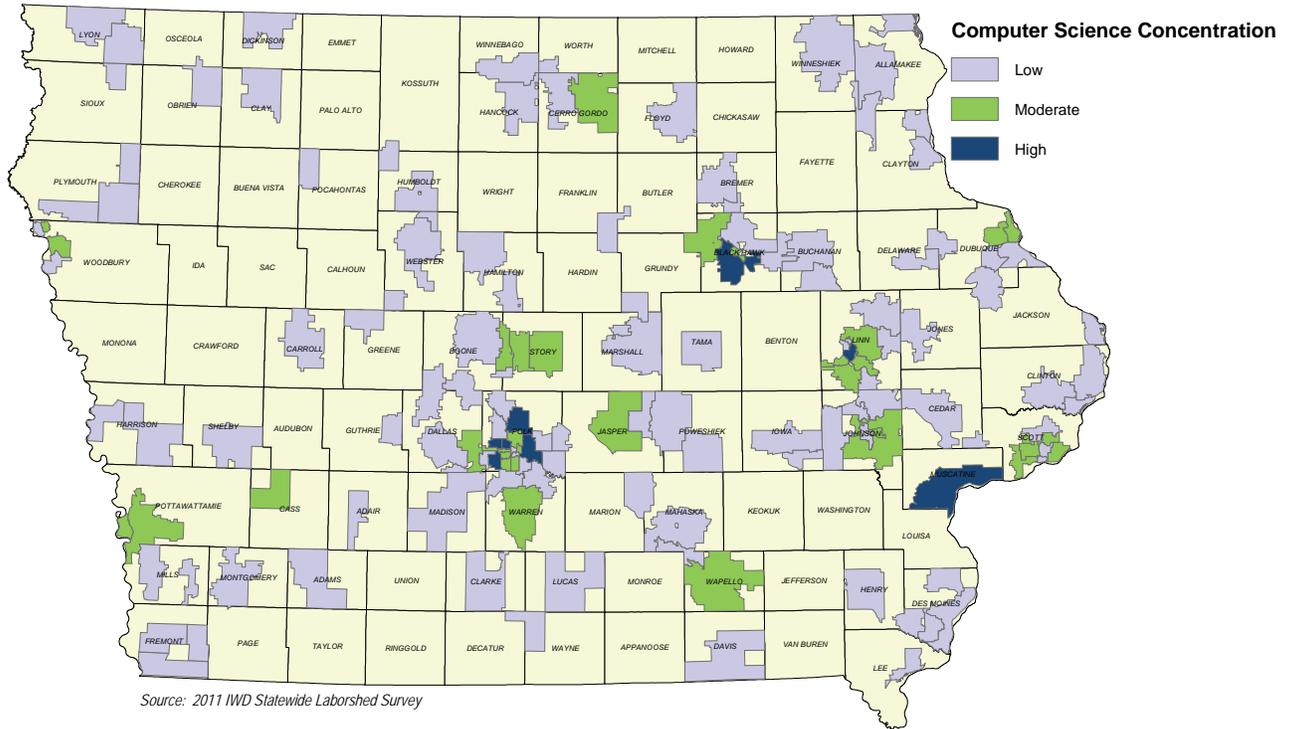
The labor force employed within the engineering STEM discipline is well aligned in many areas of the state where there is a demand for labor in engineering occupations. This alignment is apparent geographically, as shown in **Figure 55**, above. However, there are areas where the occupational categories of currently employed workers does not correlate closely with the occupational categories of vacant positions.

For instance, there is a significant concentration of engineering vacancies in Benton, Crawford, Emmet, Hardin, Jefferson, Jones, Union and Wright counties where there is not a similar concentration of labor within this STEM discipline. Likewise, there are several counties that have a significant concentration of labor with experience and/or education within engineering without a corresponding concentration of vacancies.

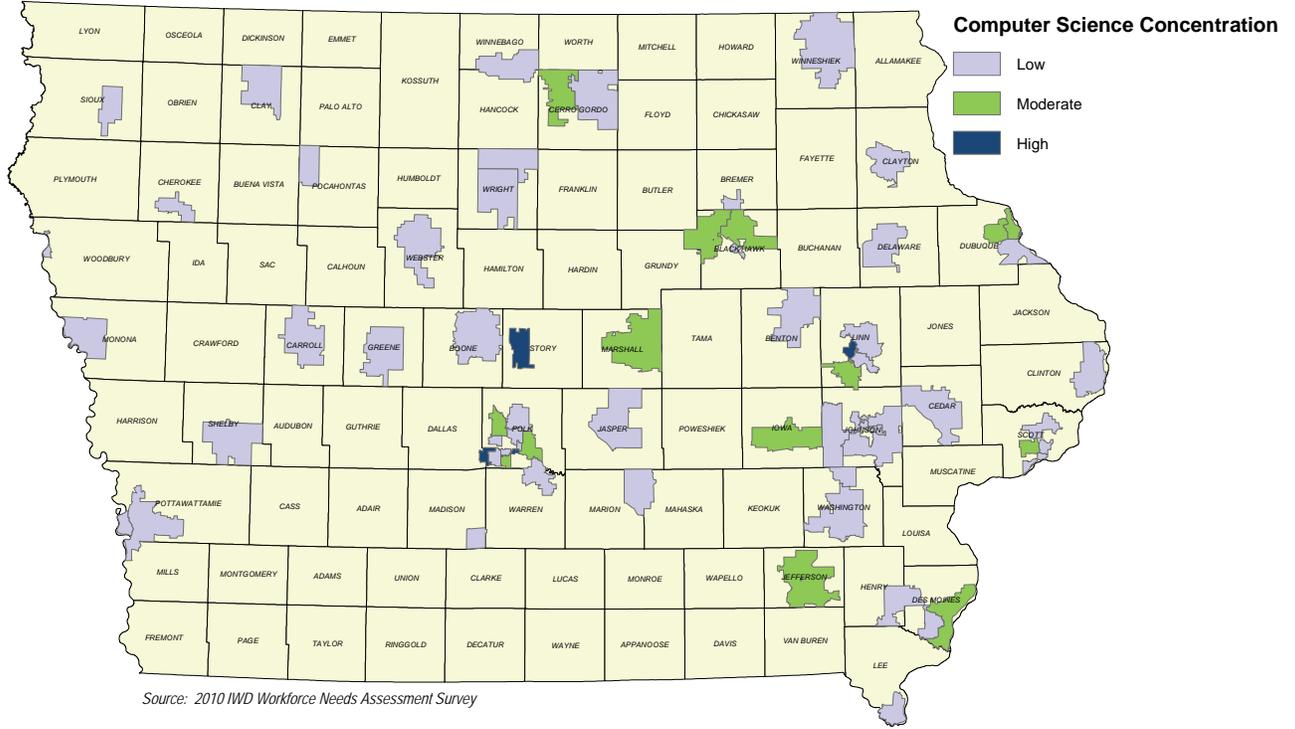
This may indicate a gap in the wages offered by employers seeking to fill vacant engineering positions and the average starting wages of those employed within similar occupations. It might also indicate an opportunity for enhanced communication and better matching of potential employees and employers via media outlets and networking opportunities.

In addition to engineering, computer science occupations are also growing in demand in Iowa. Below, Figures 56 and 57 represent visually where the supply and demand for workers with computer science education or experience exists across the state. Figure 58, on the next page, illustrates the overlay of the supply and demand data.

**Figure 56. Supply of Workers with Computer Science Education/Experience**



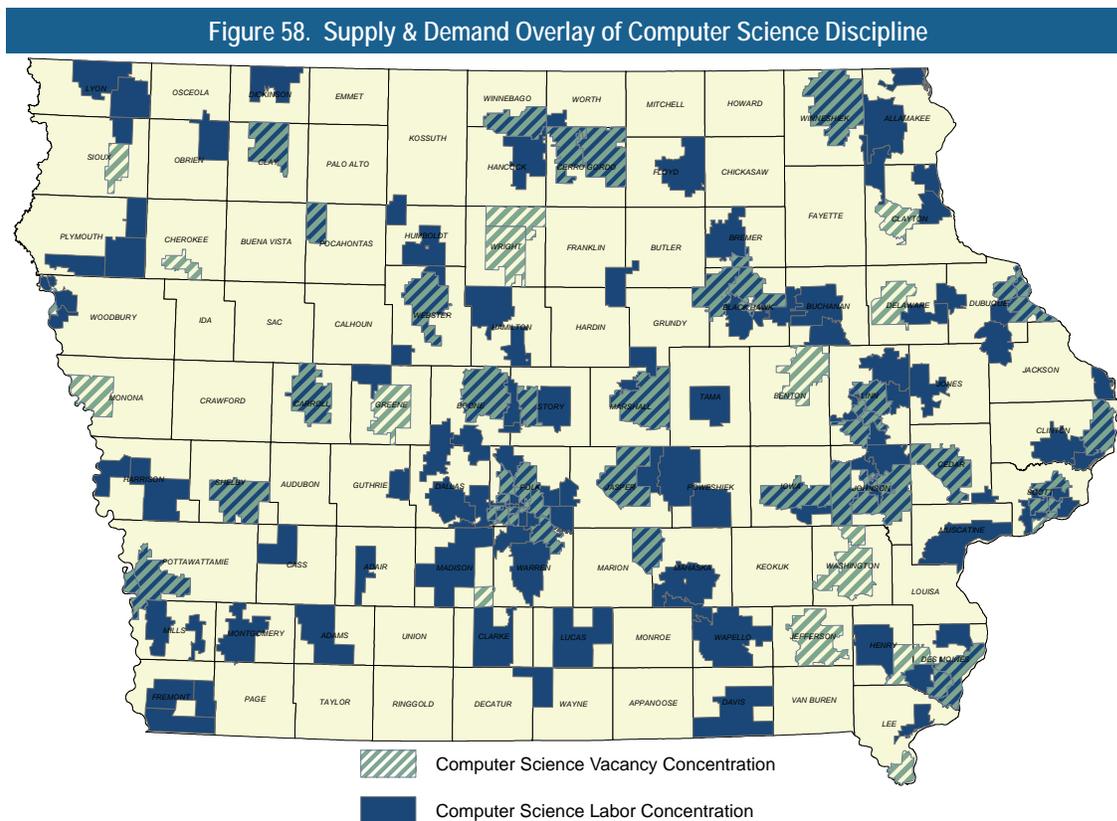
**Figure 57. Demand for Workers with Computer Science Education/Experience**



The labor force employed within the computer science STEM discipline is well aligned with most areas across the state where there is a demand for labor in computer science occupations. This alignment is apparent geographically, as shown in **Figure 58**, below. However, there are a few areas where the occupational categories of currently employed workers does not correlate closely with the occupational categories of vacant positions.

For instance, there is a significant need for computer science workers in Benton, Delaware, Greene, Jefferson, Monona, Washington and Wright counties where there is not a similar concentration of available labor within this STEM discipline.

Again, this may be due to a gap in the wages offered by employers seeking to fill vacant computer science positions and the average starting wages of those employed within similar occupations. It might also indicate an opportunity to enhance communication and better matching of potential employees and employers via media outlets and networking opportunities.

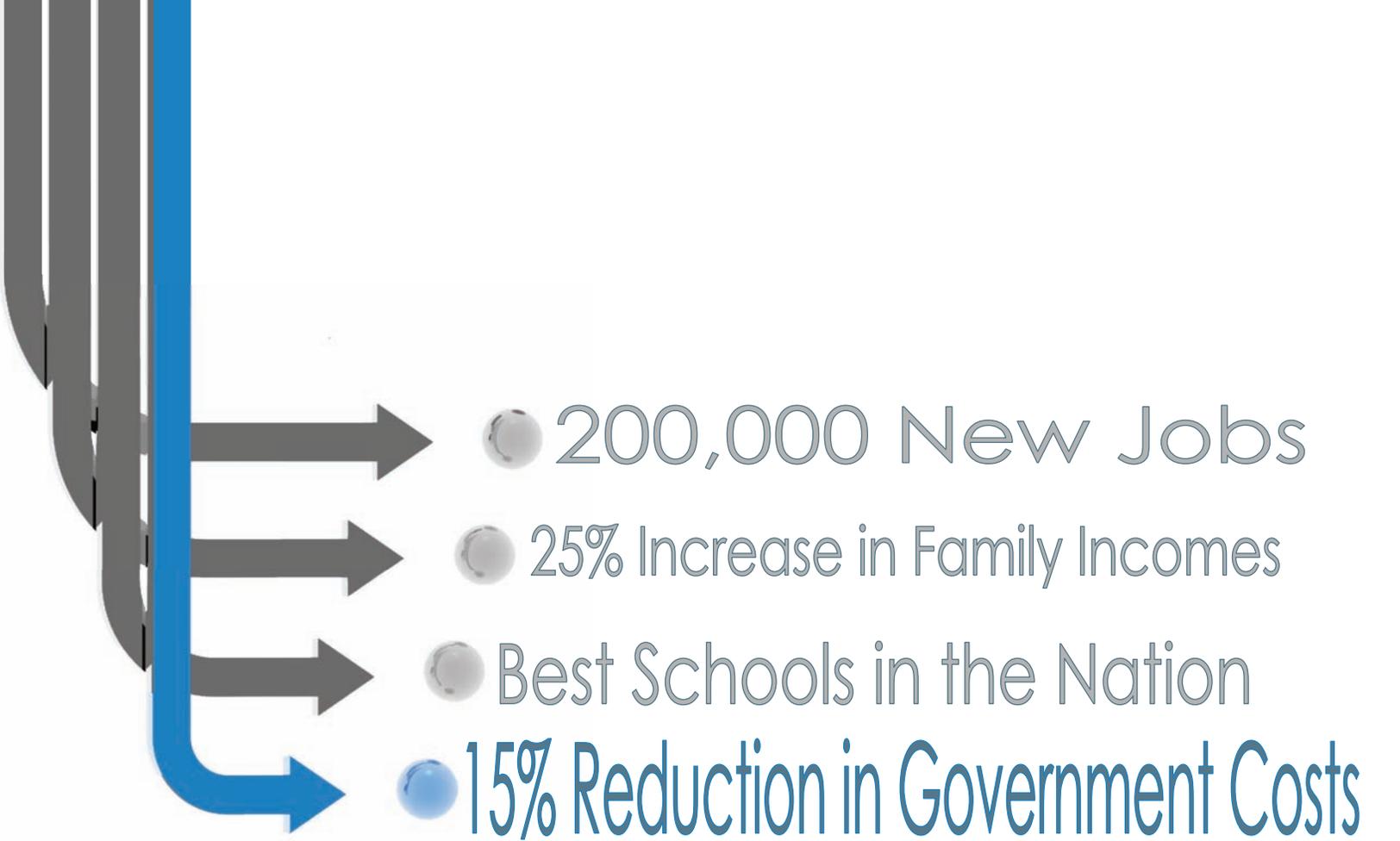


*Source: 2011 IWD Statewide Laborshed Survey and 2010 IWD Workforce Needs Assessment Survey*

### BEST SCHOOLS IN THE NATION SUMMARY

- Iowa's composite ACT score is higher than all benchmark states and the nation with the exclusion of Minnesota.
- Iowa is competitive in both reading and mathematics scores for 4th and 8th grade students.
- Iowa and Minnesota lead the way in average high school freshman graduation rates among the benchmark states.
- Iowa ranks lowest among the benchmarks in its percentage of residents 25 and older with a bachelor's degree or higher.
- Research and development spending in Iowa ranks third among the benchmark states.
- Academic R&D expenditures in Iowa totaled nearly \$563 million in 2009, third among the benchmark states.
- The alignment of vacancies to concentration of workers is necessary to meet the demands of the businesses.





## 15% REDUCTION IN GOVERNMENT COSTS

The final goal is to reduce the cost of government by 15 percent. This will include the use of new technologies and efficiencies allowing governmental savings.

### STATE GOVERNMENT EMPLOYMENT

In 2010 there were approximately 168 full-time state government employees per 10,000 residents in Iowa which was, on average, 17 more than any of the benchmark states except for Nebraska which had 178 full-time state employees per 10,000 residents according to the Census Bureau's *Annual Survey of Public Employment and Payroll, 2010 Demographic Profile*.

During fiscal year 2011, over half (55.0%) of these full-time employees were employed within Iowa's Board of Regents. The remaining 45.0 percent are non-Regent employees. Of these, the majority are employed within the human services, corrections, transportation, or various other departments. From fiscal year 2002-2011 there has been a 1.6 percent increase in the total number of full-time employees. However, four agencies experienced significant full-time employee reductions relative to other agencies during this 10-year period. These include: the Department of Human Services (DHS), Department of Corrections (DOC), the Department of Transportation (DOT), and the Judicial Branch (Figure 59).

**Figure 59. Iowa Full-Time Employee Change, 2002-2011**

	Employment Change 2002-2011	% Change
<b>Board of Regents</b>	<b>1,854</b>	<b>6.7%</b>
<b>Non-Regents</b>	<b>-1,069</b>	<b>-4.7%</b>
Human Services	-111	-2.1%
Corrections	-152	-3.9%
Transportation	-554	-19.2%
Judicial Branch	-347	-19.7%
Natural Resources	20	2.0%
Public Safety	20	2.1%
Veterans Affairs	19	2.3%
Workforce Development	33	3.8%
Education	-22	-3.0%
Other	25	0.6%
<b>Total</b>	<b>785</b>	<b>1.6%</b>

Source: Legislative Services Agency

As with total full-time employee positions, the Board of Regents personnel costs comprise about 54.0% of the total for State government. The total personnel cost of the Board of Regents has increased from \$1.57 billion in fiscal year 2002 to \$2.12 billion in fiscal year 2011, an average annual increase of 3.4%. The total cost of the non-Regents agencies has increased from \$1.25 billion in fiscal year 2002 to \$1.8 billion in fiscal year 2011, representing an average annual increase of 4.1% (Figure 60).

**Figure 60. Personnel Costs per Fiscal Year, 2002-2011**  
(Dollars in Millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Board of Regents</b>	\$1,572.8	\$1,516.2	\$1,651.0	\$1,677.9	\$1,754.3	\$1,857.3	\$1,993.3	\$2,155.2	\$2,095.3	\$2,124.4
<b>Non-Regents</b>										
Human Services	\$262.7	\$263.2	\$284.6	\$299.8	\$325.1	\$349.9	\$377.5	\$400.1	\$391.4	\$379.2
Corrections	209.6	218.5	237.3	243.8	261.9	279.3	306.8	317.4	307.3	309.9
Transportation	177.9	177.7	191.0	196.9	208.1	214.7	225.4	234.2	232.4	229.0
Judicial Branch	106.3	106.7	112.5	113.5	123.9	132.9	140.2	145.7	144.0	146.8
Natural Resources	59.4	59.9	61.3	63.6	67.7	73.3	79.5	84.7	83.5	85.9
Public Safety	53.5	56.7	61.7	64.9	69.2	73.3	48.3	82.8	80.1	80.4
Veterans Affairs	43.7	44.5	48.4	49.1	51.8	52.7	57.4	60.0	65.1	66.9
Workforce Development	42.3	43.1	50.0	51.1	53.3	54.8	59.9	64.2	64.8	64.4
Education	38.8	41.2	45.3	47.7	50.9	53.8	59.4	61.5	60.8	59.4
Other	259.7	263.7	288.5	308.4	320.3	335.4	366.7	384.6	374.2	378.8
<b>Subtotal Non-Regents</b>	<b>\$1,253.9</b>	<b>\$1,275.2</b>	<b>\$1,380.6</b>	<b>\$1,438.8</b>	<b>\$1,532.2</b>	<b>\$1,620.1</b>	<b>\$1,721.1</b>	<b>\$1,835.2</b>	<b>\$1,803.6</b>	<b>\$1,800.7</b>
<b>Total</b>	<b>\$2,826.7</b>	<b>\$2,791.4</b>	<b>\$3,031.6</b>	<b>\$3,116.7</b>	<b>\$3,286.5</b>	<b>\$3,477.4</b>	<b>\$3,714.4</b>	<b>\$3,990.4</b>	<b>\$3,898.9</b>	<b>\$3,925.1</b>

Source: Legislative Services Agency

## WORKFORCE DEVELOPMENT SYSTEM

Created in 1996, Iowa Workforce Development (IWD) is the agency that contributes to the economic security of Iowa's workers throughout the state. Services are offered to workers (both employed and unemployed), as well as businesses and communities in each of IWD's workforce regions. Through the use of new technologies and efficiencies, Iowa Workforce Development has been able to contribute to government savings while still providing important services to the public.

In 2011, in order to achieve a reduction in government costs, the field office system was redesigned. IWD has developed and deployed a sustainable delivery system to lowans who need assistance with employment, re-employment and training assistance in a more cost efficient manner. Services are now available in a significant number of locations while still operating within budget (Figure 61). The previous system had 55 brick and mortar offices. The new, enhanced system provides regional integrated one-stop offices in Burlington, Carroll, Cedar Rapids, Council Bluffs, Creston, Davenport, Decorah, Des Moines, Dubuque, Fort Dodge, Marshalltown, Mason

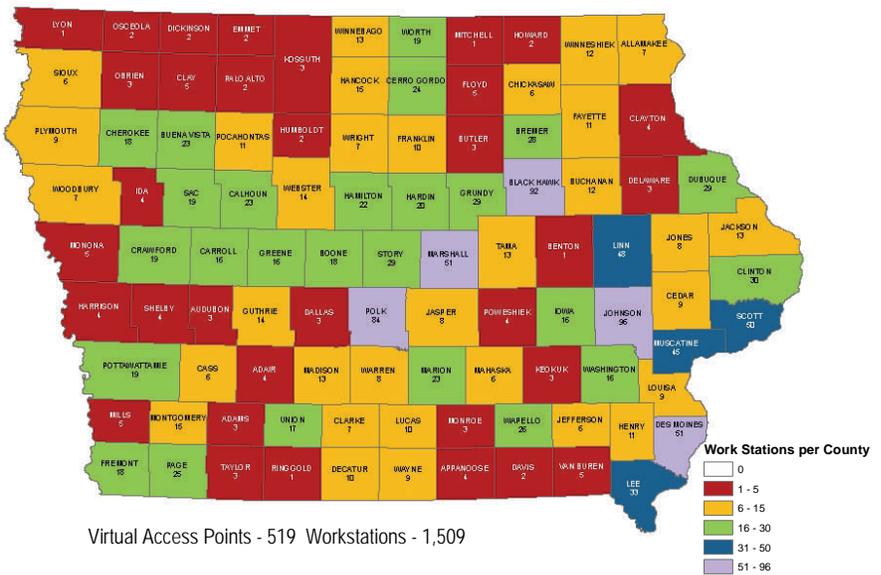
City, Ottumwa, Sioux City, Spencer and Waterloo. Additionally, there are three satellite locations in Fort Madison, Iowa City and Webster City, and hundreds of locally enhanced access points through armories, private colleges, community action agencies, community colleges, county Veterans Affairs offices, courthouses, public libraries and other locations. New access points become operational on a regular basis. Visit [www.iowaworkforce.org](http://www.iowaworkforce.org) for up-to-date information (Figure 62).

Even with the reduction in brick and mortar offices, this enhanced system has greater availability and usage to the public than ever before. With evening and weekend hours, something that was not available in the past, staff members are available through Live Chat or a toll-free number from 8:00AM – 8:00PM Monday through Friday and 10:00AM – 2:00PM on Saturdays, allowing clients new opportunities to connect with a workforce professional.

Access Point Services (on-line) include:

- Job search and résumé development assistance
- Access to thousands of employment opportunities
- Skill assessment and testing tools
- Information for veterans
- Workforce data and trends
- Job posting assistance for employers
- Business services

Figure 61. Virtual Access Point Workstations by County as of December 2011



Source: Iowa Workforce Development

Figure 62. Virtual Access Point Website



[View Live Dynamic Map of Access Points](#)

Source: Iowa Workforce Development

Integration is an effort to make the workforce system more demand-driven to respond to the actual needs of local economies. Each workforce center will add value to the local economy it supports. The integration model is intended to bring a greater emphasis to the skills development component of the workforce and better prepare workers for the changing world of work. Each lowan who becomes a member of an integrated workforce center will be given the opportunity to know their skills, improve their skills and get a job with their skills. In the best case scenario, integration is a policy decision which will help to shift the culture to one of lifelong learning and skill development. This is the vision of better service that integration hopes to achieve.

### **Integration Model**

Under the integration model, employers, job seekers and the unemployed can expect to find services tailored to their individual needs. From the time a customer enters the Integrated IowaWORKS Center, they are assessed and guided to services, workshops and staff dedicated to finding solutions to their employment needs regardless of program affiliation. Examples of these services include:

- Customized recruitment
- Labor Market Information
- Information and referral on current job openings
- Creation of job search toolkit
- Skills assessment and testing
- Career Interest Evaluations
- Exploration of Training Opportunities
- Financial Planning & Salary Needs Exploration

No longer does the customer need to have knowledge of the programs; eligibility is determined seamlessly with assessment and membership. The model moves beyond co-location to an environment where customers are assisted through shared staff, working toward a common goal.

### ***15% REDUCTION IN GOVERNMENT COSTS SUMMARY***

- There were 168 state government full-time employees to every 10,000 residents in the State of Iowa as of March 2010.
- Iowa Workforce Development has reduced the number of its physical locations from 55 to 19.
- There are in excess of 400 Virtual Access Points and 1,200 workstations available requiring minimal investment.
- Over 87% of all job leads are transmitted to an e-mail address, reducing the Department's reliance on paper and postage.
- Over 62% of all unemployment insurance claims and 50% of all employer quarterly UI tax filing is completed on-line, again saving staff time and resources.

IWD's renovation of their systems and processes has significantly reduced government costs and increased the availability of services to the public. Future enhancements include continued technological advancements that will simplify routine procedures, and provide more staff time for the customer most in need of individual assistance.

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