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As Iowa Job Surplus Grows, Workers Call the Shots

By [JOHN LELAND](#)

DES MOINES — On a recent evening here, Greg Tew, 28, considered the question: What is it like to work in a state that is creating more jobs than workers? He was sitting in the lobby of a new hotel in downtown Des Moines, part of an extensive redevelopment investment to attract workers to [Iowa](#).

“It is noticeable,” Mr. Tew, a computer programmer at [EMC](#) Insurance Companies, said of the jobs surplus. “You’re a hot commodity. Salaries go up just because companies are fighting to retain the talent they have.”

His friend Stacy Berenguel, 28, a financial advisor at Citi Smith Barney, said that while she was very conscious of talk of a national recession, some of her friends in Iowa were switching jobs over company amenities, like fitness centers. “Even when I’ve had friends laid off, they had no problem finding jobs,” she said. “So I’m willing to take financial risks, like splurging. Last weekend I went to Chicago and shopped for clothes and shoes. It was great. There were sales everywhere.”

Are these the voices of a nation looking at recession?

As rising unemployment and layoffs beset workers around the country, Iowa faces a different problem: a surplus of jobs. Or to put it another way: a shortage of workers. A survey of companies by Iowa Workforce Development, a state agency, found as many as 48,000 job vacancies, in industries including financial services — Des Moines trails only Hartford as the nation’s insurance capital — health care and skilled manufacturing. One estimate projects the job surplus to reach 198,000 by 2014, with vacancies increasingly in professional positions. Greater Des Moines alone faces a shortfall of 60,000 workers in the next decade.

The state provides a small, advance view of what some economists predict will be a broader shortage of skilled workers in the next 20 or 30 years, as tens of millions of baby boomers retire from the workplace, and the economy produces more new jobs than workers. Potential consequences include slower economic growth and competitiveness, as well as higher wages for skilled workers and greater inequality.

Estimates of the national shortage run as high as 14 million skilled workers by 2020, according to widely cited projections by the labor economists Anthony P. Carnevale and Donna M. Desrochers.

But other economists believe the number will be lower, as the labor market adjusts to changes in the economy and advancements in technology. The federal [Bureau of Labor Statistics](#) does not make projections about a labor shortage, but such estimates are often hotly contested because they are often used to support positions on [immigration](#) policy.

Iowa’s surplus arises from colliding trends: the exodus of young college graduates, a state economy that adds 2,000 jobs a month, low immigration and birth rates, and an image problem that makes it difficult to recruit

workers from out of state. Iowans' median age is nearly two years above the national figure, and the state is near the top in the rates of women in the workforce and workers with multiple jobs — further shrinking the pool of people who might be drawn into the market.

“It’s really a perfect storm,” said Elisabeth Buck, director of Iowa Workforce Development. Over the next decade, more than 70,000 workers a year will become eligible for retirement, with school enrollment — potential replacement workers — dropping by 20,000 since 1998, while the nationwide housing crisis makes it harder for companies to recruit from out of state, because potential employees cannot sell their homes.

Last year, the state added nearly 13,000 nonfarm jobs, in part because of growth in ethanol and wind energy, and lost 3,300 people from the workforce. With statewide unemployment at 3.5 percent, compared to a national rate of 5 percent, nearly everyone who wants to work and can work has a job. “We’re looking for ways to grow our population,” Ms. Buck said.

For workers like Brando Guerrero, 25, a sales analyst at Nationwide Insurance in Des Moines, the jobs shortage means companies “have to sell themselves to potential employees, because there are so many opportunities here.”

“Do they have a free gym, dry cleaning, [Starbucks](#) on site?” he said. “What are they doing to make the community better? And once you’re there, companies know they have to promote you to keep you. We’re a little spoiled in our opportunities here.”

But for the state economy, a worker shortage can slow growth, said Benjamin Allen, president of the University of Northern Iowa. “It’s a much better problem to have than high unemployment,” he said. “But if companies think they can’t find a workforce here, it might deter them from coming out or expanding.”

Remedies are not simple. Companies want to be in Iowa because wages are lower than elsewhere in the nation or region, except South Dakota. But low wages also drive young college graduates out of the state, especially as student debt loads have risen, and they discourage workers from other states from moving to Iowa. Some, like Mr. Tew, accept relatively low wages in exchange for Iowa’s low cost of living. Companies compete on amenities and benefits more than salary, said Craig Jackman, president of Paragon IT Professionals, a recruiter and consultant firm.

Steven Smith, who runs a small technology company called GCommerce, was not deterred. After starting the company in the New York suburbs, he moved to downtown Des Moines in 2004, and expects to expand to 50 employees by the end of the year, from the mid-30s now. He said the costs of business were less than half what they were in New York, primarily because salaries and real estate prices are lower.

But he said it was difficult to hire people for advanced technical positions. “I plan a certain amount of my time during the week, 5 to 10 hours, recruiting. You’ve got to work at it. They’re not just going to come to you.”

Like many executives here, he has adopted programs to lure recent retirees back to work part time.

To retain staff, he provides stock options, flex time and short Fridays in the summer. And he has had to be flexible on salary. “People who have a real marketable skill, they know they can call their shots,” he said.

Several companies are starting to reach into the high schools, identifying students and promising to pay their community college costs, with the guarantee of a job after graduation. Others are looking to the prison system. Forty employers recently participated in a job fair for about 300 inmates in the downtown convention center.

The community college system is at the center of many efforts to address the jobs surplus. The state and private employers like [Wells Fargo](#) and Principal Financial, which are both based in Des Moines, have made \$23 million available for students to take courses to prepare them for specific jobs, with promises at the end of tuition reimbursement and positions starting at \$30,000 to \$40,000 for graduates with a two-year degree.

But programs for the jobs in highest demand, including nurses and welders, have long waiting lists. “Employers come to us, asking, ‘Do you have any graduates coming up in this field?’” said Scott Ocken, dean of industry and technology. “A lot of times we have to say, ‘We do, but they’re already hired.’”

Robert Anderson, executive chef at the college’s culinary institute, said he had two or three job offers for every student.

For Michael LeVere, 38, a database administrator at Wells Fargo who recently accepted a newly created position at Federal Home Loan Bank, the jobs surplus has been both a balm and a chore. On a recent afternoon, he was struggling to find someone to replace him. The only applicant from Iowa was already working at Wells Fargo.

As for his new job, he said, “If this doesn’t work out, in a year there’ll be opportunities.”

To try to keep young professionals, the government and industries have poured nearly \$2.8 billion into development projects in downtown Des Moines, including a new neighborhood of shops and lofts that wears its ambitions in its name: the East Village. On a recent weekend, a few restaurants had hour-plus waits for tables, and bar traffic was brisk. Mr. Tew, who lives and works downtown, said that until a few years ago, the neighborhood emptied after business hours. “Now I’m out till 12:30 or 1 in the morning,” he said. “I don’t leave the downtown area if I can help it.”

China Wong, who runs Salon W in the East Village, said her business was expanding. She recently signed a lease on a bigger space and hired two new stylists. Being out of sync with the national economy has its advantages, she said. “We have extra income for stocks that are undervalued right now,” said Ms. Wong, who previously worked for an investment research firm. “I’ve increased my stock purchases by 20 percent.”

For Jessica Miller, 23, the changes in downtown Des Moines were enough to draw her back after college in Chicago. She found her job — in marketing and advertising at a magazine group — by the city’s extensive networking channels. She said networking added to her sense of security, because she always hears of openings. “We decided at work, we’re not participating in this economic downturn,” she said.

But the state remains a tough sell with young Iowans. For Jessamyn Thomas, 18, a high school senior who hopes to move to Chicago after she graduates from [Iowa State University](#), life in an economic bubble is not enough. “There’s opportunities here,” she said. “But it’s also the same place you’ve lived all your life, and it’s Iowa, so it’s not very exciting.”

Her classmate Tucker Slauson, 17, agreed. “There’s jobs here,” he said, “because everybody leaves.”

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