
Section Two

Labor Force

Greater Phoenix is one of America's top markets for expansion and relocation, according to a report published by *Expansion Management* magazine in January 2003. This is due in large part to the area's exceptional quality of life, which attracts people and companies from around the world. The Greater Phoenix labor force is made up of young, educated, and highly productive people who work in diverse industries. Fortunately for local employers, the large influx of skilled workers keeps wages rates below those of similarly sized metro areas. This attractive combination of talented workers at competitive wages makes Greater Phoenix an excellent choice for expanding companies.

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2.0 Labor Force

Greater Phoenix shows stronger labor force growth than the Nation

- The Greater Phoenix labor force grew 2.5 percent between 2003 and 2004 while US labor force increased 0.6 percent over the same period.
- Total civilian labor force in Greater Phoenix grew to over 1.7 million people in 2004, an increase of 26.1 percent since 1995.

Figure 2-1

Labor Force

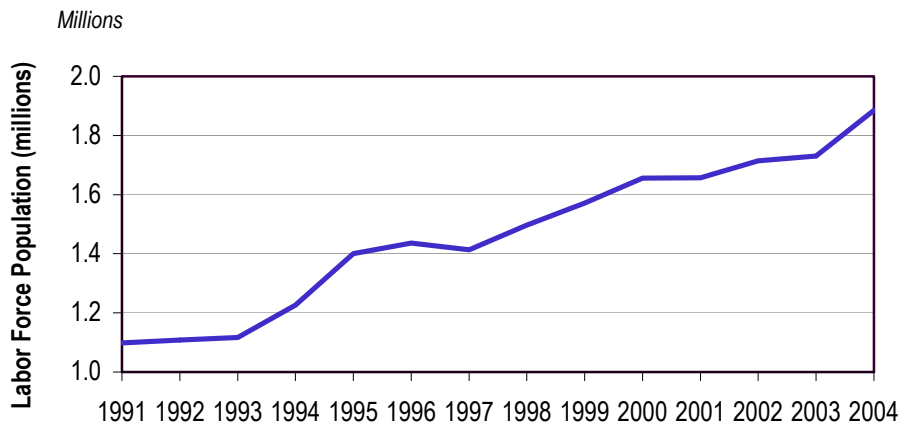
1995-1999 (Thousands)	1995	1996	1997	1998	1999
Greater Phoenix	1,400.3	1,436.4	1,413.7	1,496.3	1,571.4
% change from Previous	9.9%	2.6%	-1.6%	5.8%	5.0%
Arizona	2,270.6	2,302.5	2,285.5	2,375.5	2,494.5
% change from Previous	7.8%	1.4%	-0.7%	3.9%	5.0%
United States	132,304.0	133,943.0	136,297.0	137,673.0	139,368.0
% change from previous	1.0%	1.2%	1.8%	1.0%	1.2%

Labor Force

2000-2004 (Thousands)	2000	2001	2002	2003	2004
Greater Phoenix	1,656.3	1,642.7	1,690.0	1,721.7	1,765.2
% change from Previous	5.4%	-0.8%	2.9%	1.9%	2.5%
Arizona	2,489.3	2,573.8	2,653.2	2,706.9	2,774.2
% change from Previous	-0.2%	3.4%	3.1%	2.0%	2.5%
United States	142,583.0	143,734.0	144,863.0	146,510.0	147,401.0
% change from previous	2.3%	0.8%	0.8%	1.1%	0.6%

Source: Arizona Department of Economic Security and Bureau of Labor Statistics, January 2005.

Figure 2-2
Labor Force
Greater Phoenix (1991-2004)



Arizona Department of Economic Security, January 2005

2.1 Employment

Substantial increases in employment for Greater Phoenix

- Employment has increased 112 percent over the past 20 years, resulting in a large and diverse labor pool
- Non-farm employment in Greater Phoenix grew from 983,400 in 1990 to over 1.7 million in 2004.
- This also represents a 3.6 percent increase between 2003 and 2004.

Figure 2-3

Employment*

2001 - 2004 (000)	2001	2002	2003	2004
Greater Phoenix (Total Nonfarm)	1559.5	1,556.9	1575.8	1632.9
1 yr # chg	5.60	-2.60	18.90	57.1
1 yr % chg	0.36%	-0.17%	1.21%	3.62%
Total Private	1,370.9	1,359.9	1375.3	1428.2
Goods Producing	278.1	260.7	257.2	267.1
Mining & Construction	126.7	124.5	128.9	139.4
Manufacturing	150.3	135.0	128.3	127.7
Service-Providing	1,281.4	1,296.3	1318.6	1365.8
Trade, Transportation, and Utilities	318.2	319.0	321.5	332.2
Information	41.3	39.1	37.2	35.5
Financial Activities	128.8	130.4	132.9	136.6
Professional and Business Services	256.2	250.3	255.6	268.0
Education and Health Services	140.8	149.6	156.7	168.6
Leisure and Hospitality	149.5	150.5	152.9	157.2
Other Services	58.0	60.4	61.3	63.0
Government	188.6	197.1	200.6	204.7
Federal Government	19.6	20.0	20.6	20.7
Local Government	169.0	177.1	179.9	184.0

Source: Arizona Department of Economic Security, May 2005.

*NAICS Data

Note: New classification system implemented in 2003 only updated previous numbers back to 2001

Figure 2-4

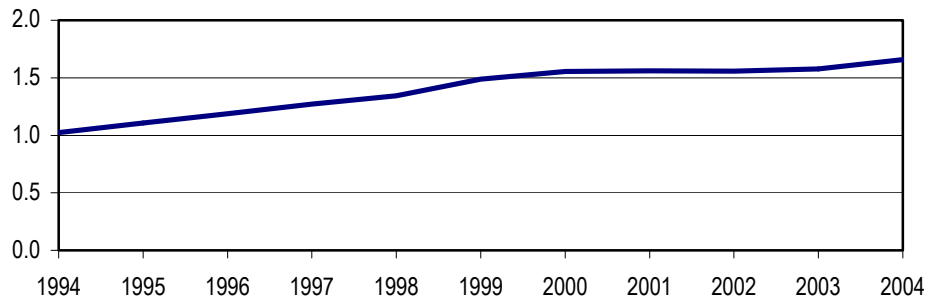
Employment*

1994-2000(Thousands)	1994	1995	1996	1997	1998	1998	1999	2000
Greater Phoenix	1023.8	1106.4	1,188.80	1,272.60	1,344.30	1,418.90	1,487.10	1,553.90
# change from Previous	33.5	82.6	82.40	83.80	71.70	74.60	68.20	66.80
% change from Previous	3.3%	8.1%	7.5%	7.0%	5.6%	5.5%	4.8%	4.5%
Mining & Quarrying	0.7	0.7	1.0	1.0	1.0	0.8	1.1	1.1
Construction	59.6	73.3	83.5	88.5	93.4	104.4	112.5	117
Manufacturing	129.6	142.3	144.9	151.6	158.6	166.7	161.6	162.5
TPCU	53.9	58.7	60.9	65.1	69.7	73.4	79.2	84.4
Trade	251.3	273.2	298.3	317.4	331.1	345.8	355.2	367.7
FIRE	79.2	88.1	87.0	95.9	106.4	113.1	117.0	120.0
Services & Misc.	302.3	330.2	360.3	395.2	424.0	446.2	485.3	507.0
Government	147.2	139.6	152.9	157.9	160.1	168.5	175.2	181.2

Source: Arizona Department of Economic Security

*SIC Data

Figure 2-5
Greater Phoenix Employment Growth 1994-2004



Source: Arizona Department of Economic Security

2.2 Unemployment

Greater Phoenix offers high quality employees

- Greater Phoenix offers an ideal location for mid-sized to large operations looking for experienced, high-quality employees
- The unemployment rate averaged 4.0% in 2004

Figure 2-6

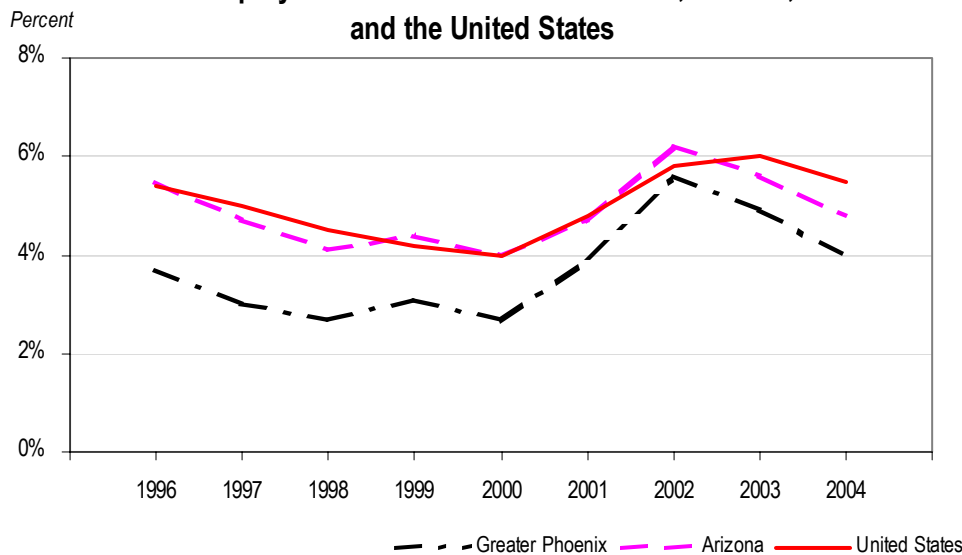
Unemployment Rates for Greater Phoenix, Arizona, and the United States

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Greater Phoenix	3.7%	3.0%	2.7%	3.1%	2.7%	3.9%	5.6%	4.9%	4.0%
Arizona	5.5%	4.7%	4.1%	4.4%	4.0%	4.7%	6.2%	5.6%	4.8%
United States	5.4%	5.0%	4.5%	4.2%	4.0%	4.8%	5.8%	6.0%	5.5%

Source: Arizona Department of Economic Security, January 2005.

Figure 2-7

Unemployment Rates for Greater Phoenix, Arizona, and the United States



Source: Arizona Department of Economic Security, January 2005.

2.3 Projected Labor Force

Greater Phoenix employment growth projected to rank second in the Nation

- Greater Phoenix is projected to be the 2nd largest “job engine” in the U.S. through 2025, according to *Newsweek Magazine*
- The past decade had banner years in terms of employment growth, a trend that is expected to continue
- Non-farm employment is estimated at 1,758,300 in 2005.

Figure 2-8

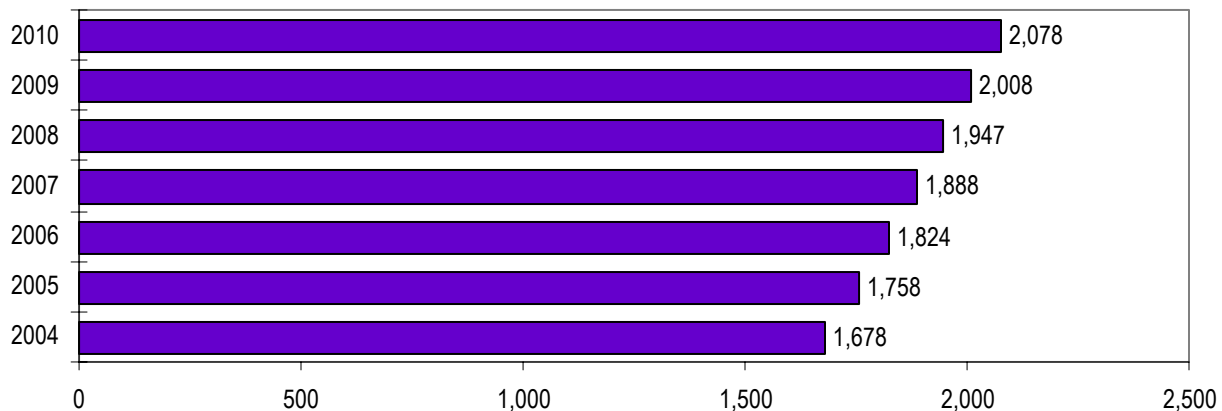
Projected Non-Farm Employment Growth

2004-2010 (Thousands)	2004	2005	2006	2007	2008	2009	2010
Greater Phoenix	1,678.1	1,758.3	1,823.9	1,887.9	1,947.1	2,007.7	2,078.0
% change from Previous	3.9%	4.8%	3.7%	3.5%	3.1%	3.1%	3.5%
Arizona	2,379.6	2,489.0	2,570.9	2,654.2	2,738.1	2,829.3	2,939.2
% change from Previous	3.9%	4.6%	3.3%	3.2%	3.2%	3.3%	3.9%

Note: Greater Phoenix includes Maricopa County and Pinal County (Phoenix-Mesa MSA).

Source: University of Arizona Economic and Business Research, October 2004.

Figure 2-9
Projected Non-Farm Employment Greater Phoenix
(Thousands)



2.4 Labor Force Distribution

Phoenix-Mesa MSA labor force projected to grow in all occupational categories

In terms of occupational mix, the labor force of the Phoenix-Mesa MSA includes a large number of professional and technical workers, which is consistent with the industrial make up of the national economy. The next largest occupational categories, accounting for about one third of the local labor force, are administrative support and service workers.

- Greater Phoenix annual growth in all occupational categories, except computer and mathematical operations, is projected to exceed national growth rates from 2002 to 2012
- Occupations creating the most net new jobs in the Phoenix-Mesa MSA will be life, physical, and social science, production, and management occupations.
- Over 435,000 total new jobs are projected to be created in all occupations by 2013

Figure 2-10

Occupational Employment Projections--Phoenix-Mesa MSA

<i>Occupational Categories</i>	<i>2003</i>	<i>2013</i>	<i>Annual Growth</i>	<i>US Annual Growth*</i>
Management Occupations	103,681	127,792	2.3%	1.2%
Business and Financial Operations Occupations	83,126	103,916	2.5%	2.1%
Computer and Mathematical Occupations	38,020	48,082	2.7%	3.5%
Architecture and Engineering Occupations	44,780	51,276	1.5%	0.9%
Life, Physical, and Social Science Occupations	9,376	12,101	2.9%	1.7%
Office and Administrative Support Occupations	308,142	358,076	1.6%	0.7%
Production Occupations	94,002	107,822	1.5%	0.3%
Transportation and Material Moving Occupations	113,795	139,816	2.3%	1.3%
Total, All Occupations	1,745,350	2,180,596	2.5%	1.5%

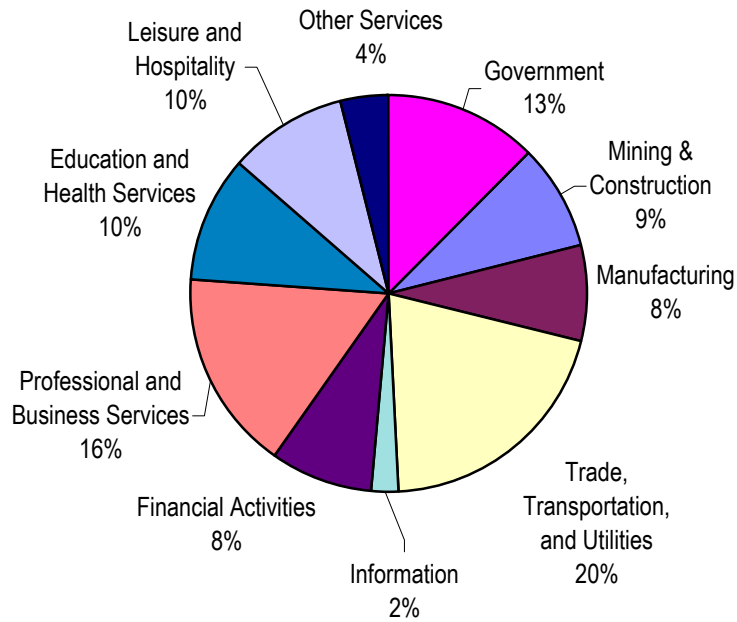
Source: Arizona Department of Economic Security, June 2005; Bureau of Labor Statistics, October 2004.

*Note: U.S. data is average of annual growth for 2002-2012

Greater Phoenix offers a diverse industry base

- Trade, transportation, utilities, and professional and business services dominate the Greater Phoenix employment makeup.
- Since 1990 the trade, transportation, and utilities industry grew 8.7 percent in employment.
- Tourism continues to boost employment in the service and trade sectors, importing millions of dollars annually.

Figure 2-11
Employment by Industry
Greater Phoenix



Source: Arizona Department of Economic Security, May 2005

Figure 2-12**Greater Phoenix Non-farm Employment by Industry 2004**

	<i>Employment</i>
Total Civilian Labor Force	1,765,200
Total Unemployment	77,600
Non-farm Employment	1,632,900
Goods Producing	267,100
Mining & Construction	139,400
Manufacturing	127,700
Service Producing	1,365,800
Trade, Transportation and Utilities	332,200
Information	35,500
Financial Activities	136,600
Professional and Business Services	268,000
Education and Health Services	168,600
Leisure and Hospitality	157,200
Other Services	63,000
Government	204,700
Federal Government	20,700
Local Government	184,000

Source: Arizona Department of Economic Security, May 2005

2.5 Jobs to Housing Balance

Figure 2-13

Jobs and Housing Information-2003

	<i>Jobs</i>	<i>Housing</i>	<i>Jobs/Housing Ratio</i>
Buckeye	3,510	17,711	0.2 : 1
Chandler	70,955	79,993	0.9 : 1
Fountain Hills	6,185	11,378	0.5 : 1
Gilbert	29,524	52,006	0.6 : 1
Glendale	57,586	84,505	0.7 : 1
Goodyear	7,243	11,555	0.6 : 1
Mesa	128,902	191,403	0.7 : 1
Peoria	24,546	50,134	0.5 : 1
Phoenix	647,023	522,909	1.2 : 1
Scottsdale	146,311	113,143	1.3 : 1
Surprise	5,937	27,018	0.2 : 1
Tempe	140,654	67,530	2.1 : 1
Tolleson	7,582	1,736	4.4 : 1
Wickenburg	2,981	2,869	1.0 : 1
Maricopa Total	1,334,843	1,383,276	1.0 : 1

Source: Maricopa Association of Governments

Figure 2-14

Jobs and Labor Force Information-2003

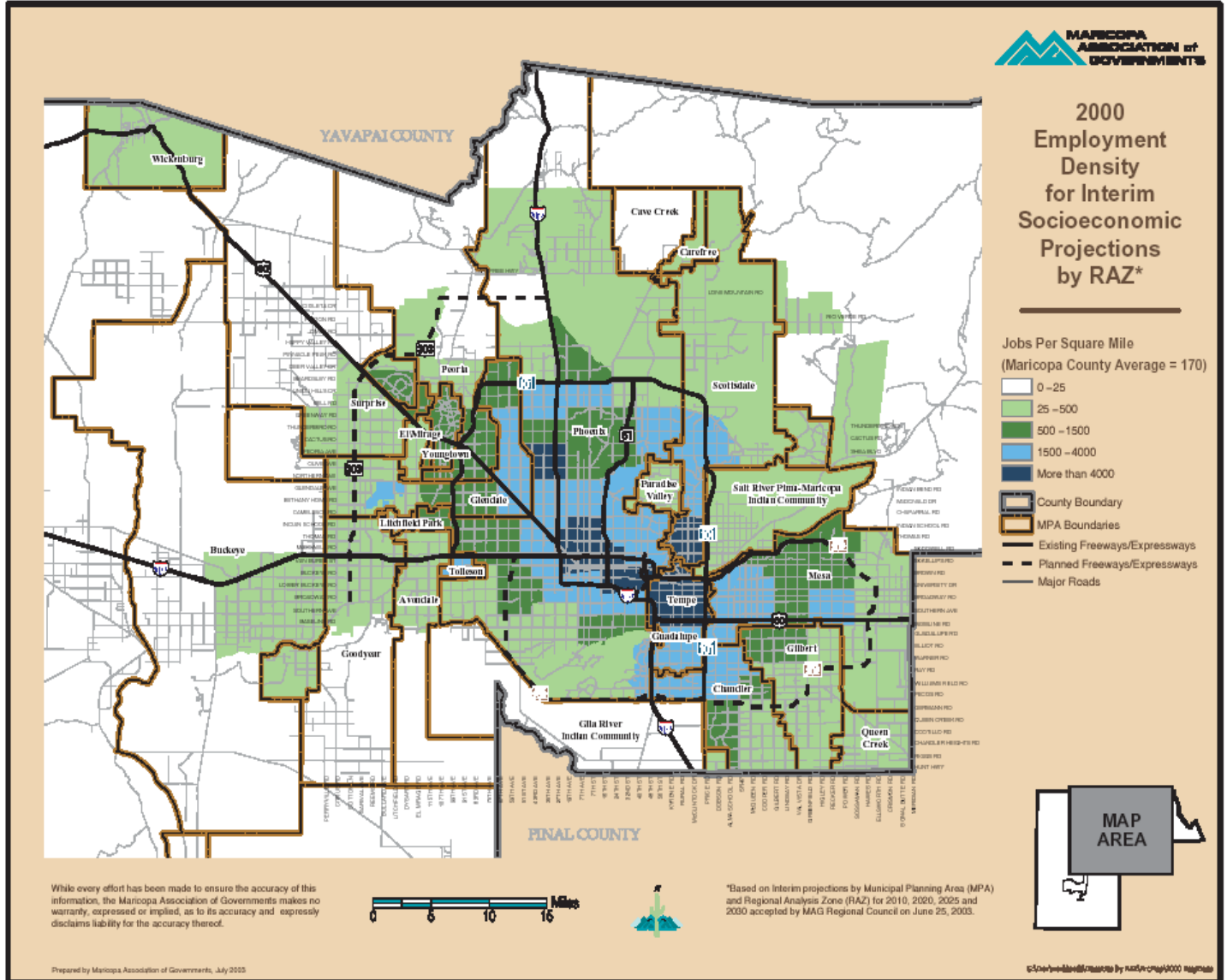
	<i>Jobs*</i>	<i>Labor Force**</i>	<i>Jobs/Labor Force</i>
Buckeye	3,510	3,438	1.0 : 1
Chandler	70,955	109,001	0.7 : 1
Fountain Hills	6,185	8,383	0.7 : 1
Gilbert	29,524	64,499	0.5 : 1
Glendale	57,586	126,634	0.5 : 1
Goodyear	7,243	6,801	1.1 : 1
Mesa	128,902	231,337	0.6 : 1
Peoria	24,546	54,768	0.4 : 1
Phoenix	647,023	831,659	0.8 : 1
Scottsdale	146,311	119,185	1.2 : 1
Surprise	5,937	12,244	0.5 : 1
Tempe	140,654	136,599	1.0 : 1
Tolleson	7,582	3,247	2.3 : 1
Wickenburg	2,981	3,050	1.0 : 1
Maricopa Total	1,334,843	1,730,141	0.8 : 1

*Maricopa Association of Governments

**Arizona Department of Commerce, 2004.

2.6 Employment Density

Figure 2-15
Greater Phoenix Employment Density



Source: Maricopa Association of Governments, 2000.

2.7 Labor Quality

Competitive employers give high marks to Greater Phoenix workforce

The following labor quality measures are the results of a survey of competitive employers in Greater Phoenix as part of a labor market analysis performed by Wadley-Donovan Group in 2000. Employers classified as competitive typically share several characteristics, such as:

- A Fortune 500 or a company with similar name recognition and a positive public image
- Aggressive and creative recruiting and screening efforts, as well as a comprehensive orientation program for new employees
- An excellent benefits package and promotional opportunities
- An attractive setting and working environment, as well as a convenient location
- A benevolent reputation and are perceived to care about their employees

The labor market analysis shows:

- Greater Phoenix employees were given high marks on all the factors surveyed
- They displayed an excellent work ethic, low absenteeism and turnover rates, and good levels of on-the-job flexibility
- Greater Phoenix employees rated as significantly more productive than employees in similar company operations in other parts of the country, according to the Wadley Donovan Group

Figure 2-16

Labor Quality Measures Based on Competitive Employer Ratings

<i>Quality Factor</i>	<i>Average Rating (1 to 5)*</i>
Basic Skills	
Proficiency in English	3.7
Written communication	3.0
Reading comprehension	3.3
Arithmetic/math	3.1
Thinking and judgment	3.4
Verbal communication/comprehension	3.4
Team and cooperative skills	3.5
Computer Literacy	
Fundamental skills	3.4
Basic keyboard skills	3.6
Using word processing software	3.2
Using spreadsheet software	3.0
Using database software	2.7
Using accounting software	2.8
Productivity and Work Ethic	
Work ethic	4.1
Productivity	4.1
Productivity compared to that of company's other sites	4.3

Note: 1=poor, 3=satisfactory, 5=excellent

Source: Wadley Donovan Group Employer Interviews, December 1999-January 2000.

2.8 Occupational Wage Rates

Arizona wage rates lower than in other similar sized metropolitan areas

Nationally, there is generally a direct relationship between the size of a labor force and the wages workers earn. However, Greater Phoenix offers one of the best combinations of reasonable labor cost and labor force size.

- Wage rates in Arizona tend to be lower than other similarly sized metropolitan areas and below the national average
- A standard work week in Greater Phoenix is 40 hours, compared to only 35 hours in some other parts of the country
- Most office employers offer two weeks vacation after one year of employment, while most manufacturing operations offer between one and two weeks
- About half of all employees in the area receive a third week of vacation after five years of service, according to a labor market study by Wadley-Donovan Group

The wages shown below are for experienced employees in selected professional/technical, office, and production occupations.

Figure 2-17

Occupational Wage Rates--Greater Phoenix

<i>Occupation</i>	<i>Rate</i>	<i>Occupation</i>	<i>Rate</i>
Professional/Technical Occupations		Production/Distribution Occupations	
Computer Programmer	\$61,267	Certified Electrician	\$48,170
Computer Specialist	\$42,831	Electronics Assembler	\$24,641
Lead Computer Programmer	\$65,099	Fork Lift Operator	\$26,437
Lead Systems Analyst	\$79,014	Light Truck Driver	\$24,564
Office Manager	\$46,181	Machine Tool Operator	\$30,359
Personnel Clerk	\$27,903	Machinist General	\$41,906
Systems Analyst	\$66,831	Maintenance Worker	\$28,203
		Tool & Die Maker	\$40,928
Office Occupations		Warehouse Worker	\$26,783
Accounting Clerk	\$25,548	Welder	\$32,103
Administrative Assistant	\$35,269		
Computer Operator	\$32,768		
Data Entry Operator	\$22,775		
File Clerk	\$19,741		
Payroll Clerk	\$26,847		
Receptionist	\$20,924		
Secretary	\$26,781		
Word Processor	\$29,320		

Source: Economic Research Institute, December 2003

2.9 Mandated Employee Benefits

Cost of mandated employee benefits for Arizona compare favorably

Worker's compensation premiums in Arizona compare favorable to other states in the region. Overall, the average worker's compensation premium per \$100 of payroll is about \$1.49 in Arizona.

Figure 2-18

Worker's Compensation Premium Rate Ranking

2004 Ranking	State	Index Rate	2004 Ranking	State	Index Rate	2004 Ranking	State	Index Rate
1	California	6.08	18	New York	2.97	35	Washington	2.20
2	Alaska	4.39	19	Alabama	2.88	36	Mississippi	2.19
3	Florida	4.20	20	Pennsylvania	2.82	37	Georgia	2.14
4	Hawaii	3.73	21	Minnesota	2.74	38	Nebraska	2.10
5	Ohio	3.59	22	Missouri	2.67	39	South Carolina	2.08
6	Kentucky	3.48	23	Illinois	2.65	40	Maryland	2.06
7	Delaware	3.44	24	West Virginia	2.64	41	South Dakota	2.05
8	Montana	3.41	25	Tennessee	2.62	42	Oregon	2.05
9	Louisiana	3.37	26	Nevada	2.58	43	Iowa	1.91
10	District of Columbia	3.26	27	New Mexico	2.56	44	Kansas	1.81
11	Connecticut	3.23	28	Wyoming	2.43	45	Massachusetts	1.70
12	New Hampshire	3.19	29	New Jersey	2.38	46	Utah	1.63
13	Maine	3.08	30	Michigan	2.34	47	Virginia	1.57
14	Texas	3.08	31	Colorado	2.33	48	Arkansas	1.57
15	Oklahoma	3.07	32	North Carolina	2.32	49	Arizona	1.49
16	Rhode Island	3.01	33	Wisconsin	2.27	50	Indiana	1.24
17	Vermont	2.99	34	Idaho	2.25	51	North Dakota	1.06

Source: Oregon Workers' Compensation Premium Rate Ranking, April 2005.

Figure 2-19

Worker's Compensation Selected Occupational Rates--Arizona

	Basic Rate per \$100 payroll		Basic Rate per \$100 payroll
<i>Industrial Occupations</i>		<i>Office and Other Occupations</i>	
Carpentry-Shop Only	\$5.68	Retail	\$1.48
Machine Shop	\$2.36	Wholesale	\$3.09
Machinery/Equipment Repair	\$5.63	Clerical Office	\$0.27
Printing	\$1.41	Hospital Professional	\$1.35
Planning/Molding Mills	\$3.94	Hotel Employees	\$2.11
Sheet Metal Work	\$5.78	Restaurant Employees	\$1.76
Trucking	\$8.35		

Source: Oregon Workers' Compensation Premium Rate Ranking, March 2003.

Unemployment insurance rates in Arizona are also relatively low. Arizona's average employer tax rate is approximately 1.43% percent. This rate is significantly lower than the 2004 national average rate of 2.50%. The majority of Arizona employers will have tax rates that vary from 0.10% to 5.40%. Employers pay unemployment taxes on the first \$7,000 in wages paid to each employee in a calendar year. On average, this payment comes to \$100.10 annually.

2.10 Labor Management Relations

Unionization rate in Greater Phoenix among lowest in Nation

- Arizona is a right to work state
- The unionization rate for private sector employees in Greater Phoenix is 4.5 percent
- The Greater Phoenix area maintains a productive work environment through open and positive labor-management relations

Figure 2-20

Comparative Unionization Rates

<i>Location</i>	<i>Private Sector</i>	<i>Total</i>
Dallas	3.4%	5.4%
Greater Phoenix	4.5%	7.3%
Atlanta	3.5%	4.6%
Salt Lake City	3.5%	5.8%
Denver	5.7%	9.7%
San Diego	6.6%	13.0%
Los Angeles	8.6%	14.0%
Las Vegas	10.8%	12.3%
Seattle	11.4%	18.0%
New York	15.4%	24.7%
Arizona	3.9%	6.3%
U.S.	7.9%	12.5%

Source: www.unionstats.com, 2004.

Figure 2-21**Local Unions in Greater Phoenix**

<i>Union Name</i>	<i>Union Name</i>
AFGE	LIUNA Southwest Native American Healthcare Employees
AFM – Professional Musicians of AZ	Millwrights & Machinery Erectors
American Federation of State County and Municipal Employees	National Postal Mail Handlers Union
American Postal Workers Union	NALC
Arizona Building Trade Organizing Project	Office & Professional Employees
Arizona Federation of Teachers	Operating Engineers Union
Arizona State AFL-CIO	Painters Local Union
Asbestos Workers	Phoenix Building and Construction and Trades Council
AZCPOA	Phoenix Firefighters Association
Bakers Union	Phoenix Law Enforcement Association
Boilermakers	Phoenix Mailers Union
Bricklayers and Allied Craftsmen	Plasterers & Cement Masons
Communication Workers of America	Plumbers, Steamfitters & Refrigeration
Construction Production & Maintenance Laborers	Professional Firefighters of Arizona
Hotel Restaurant Employees & Bartenders	Roofers
IATSE Stage Hands	Screen Actors Guild
IAFF Local	Sheet Metal Workers
IBEW	Transport Workers Union
International Association of Machinists & Aerospace Workers	United Food & Commercial Workers
International Brotherhood of Electrical Workers	United Steel Workers
International Union of Elevator Constructors	

Source: Qwest Dex 2005