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# State of Illinois Defense Industry Adjustment (DIA) Program

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## Quad Cities Region Economic Profile

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UNIVERSITY OF ILLINOIS  
URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD



**Nathalie P. Voorhees Center  
for Neighborhood and  
Community Improvement**



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## Regional Economic Profile

The purpose of this regional economic profile is to provide an overview of a region's economy in terms of its current composition, changes in employment, and occupations. Each indicator is analyzed in comparison with the state and national averages to provide a better understanding of local status and trends. A comparative understanding of a region's economy in terms of compositional change and performance informs policy makers and analysts to better position the region in the national economy. To the extent that data are available, the profile analyzes changes over a period of 10 years-long enough to reveal important dynamics, but short enough to focus on the kinds of local changes that may be malleable through regional planning activity.

Drawing on local and national data sources, this profile considers both the fundamental economic conditions and sectoral drivers of the regional economy. The economic indicators/industrial data items being analyzed are divided into three main groups:

**Basic economic indicators:** Indicators that measure economic conditions and help evaluate regional economic performance: (1) Employment and its sectoral distribution, (2) Unemployment rate, (3) Unemployment insurance claims, (4) Annual wages, and (5) Occupations. Descriptive analysis of these indicators help determine how the local economy is faring relative to its position in the past or its current position as measured against a referent economy (i.e., the nation or the state).

**Dependency on government employment:** Analysis of government employment as a share of total regional employment helps assess the degree to which regional employment base depends on the federal or state/local government activities. Besides examining changes in the government/private sector portion of employment over time, the analysis identifies the regional employment base that is directly attributable to the Department of Defense (employment at the military base) or related departments (e.g., employment at Hospitals administrated by the Department of Veterans Affairs).

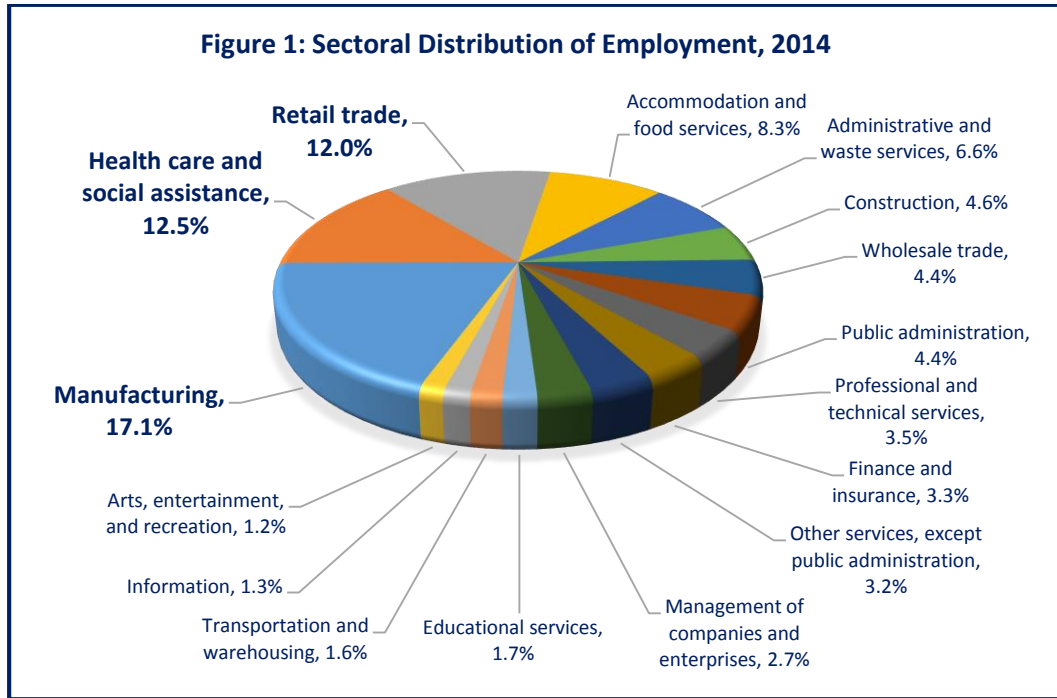
**Defense related industrial activities:** The profile identifies specific manufacturing and professional/technical services industries in which businesses may be performing defense contract work or are part of the defense industry supply chain. Some of the establishments operating in such industries are owned by the federal government and perform work assigned to them by local bases or the Department of Defense. Unlike such cases where the amount and type of economic activity are relatively predictable, economic activities performed by private sector establishments are far less detectable through the publicly available secondary data sources on which this profile relies. In a region with an economy as industrially specialized as Quad Cities, private sector establishments might be carrying out defense contract work at various levels originating from different parts of the country. Given this challenge, the profile focuses on those industries that show heavy regional specialization and in which businesses are believed to be performing defense contract work or constitute part of defense supply chain. By analyzing regional employment trends in these industries in comparison with the nation, the profile explores the "defense activity-industrial performance" nexus. Finally, the region's share of national defense contracts is analyzed, and local industries that perform substantial work originating from the Department of Defense are identified.

## Regional Economic Highlights

- Manufacturing, health care, and retail trade accounted for the largest shares of any sector in 2014, representing 17.1 percent, 12.5 percent, and 12.0 percent of regional employment, respectively.
- Administrative services, management of companies, and accommodation created the most jobs over the period of 2010-2014, adding a combined 3,436 jobs in the region.
- Current regional employment is still below the pre-recession level. During the same period, the U.S. economy performed somewhat better. Employment in the Quad Cities Region expanded 2.8 percent from 2010 to 2014, but lagged the national growth rate of 6.9 percent.
- Similar to Illinois, the private sector accounts for a large portion of employment in the six-county region. On the other hand, state and local governments account for a small (around 11%) portion of regional employment. Unlike Illinois or the nation, the federal government accounts for a relatively large portion of employment in Quad Cities Region.
- The 2015 unemployment rate in the region (5.3%) is the same as the national unemployment rate (5.3%) and below the state rate (5.9%). After peaking during the recession (2009), recent year regional insurance claims to a large extent seem to have returned to their pre-recession levels.
- The current average wage for all industries in the region is \$44,638, which is below the national and Illinois figures (average annual wages for all industries in Illinois was \$54,106; and \$51,364 in the U.S.). There has not been a significant change in difference between regional and national wages in the last ten years.
- The region is specialized in various manufacturing industries. Among those, primary metal product manufacturing (NAICS 331); fabricated metal product manufacturing (NAICS 332); and machinery manufacturing (NAICS 333) are likely the most closely related to defense.
- Defense contracts have been around 1 percent of gross regional product for the last ten years and it appears to be trending lower in recent years.
- Regional employment in primary metal manufacturing follows the national trend. And since the recession ended in 2010, employment in primary metal manufacturing in the region increased faster than the U.S. Regional employment in fabricated metal manufacturing declined substantially during the recession years and has not recovered yet. Regional employment in machinery manufacturing declined during the recession years, but recovered relatively quickly after the recession ended in 2010. Since then, employment in machinery manufacturing in the region increased faster than the U.S.
- Three major growth occupation groups are: Management Occupations; Computer and Mathematical Occupations; Architecture and Engineering Occupations.

**Employment by Sector and Industry**

Manufacturing is the largest industry by employment in the region. The manufacturing sector employed 38,692 workers in 2014, more than 17 percent of total employment in the six-county region. The dominance of the manufacturing sector in regional employment is clearer when compared to the nation (Table 1). The share of manufacturing in national employment is nearly 9 percent (corresponding figure for Illinois is 10%). After manufacturing, health care and retail trade are the two largest sectors. These three sectors together accounted for nearly 42 percent of total regional employment in 2014.



**Table 1: Top Industries by Employment, 2014**

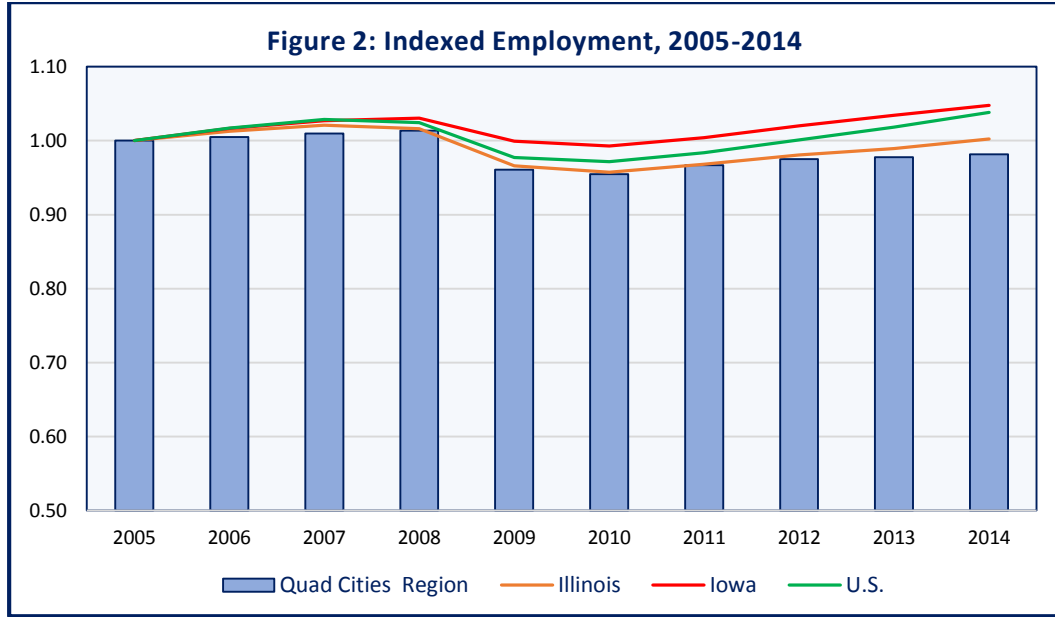
Industry	Six-County Region			United States		
	Rank	Employment	Share	Rank	Employment	Share
Manufacturing*	1	38,692	17.1%	4	12,202,114	8.9%
Health care and social assistance*	2	28,170	12.5%	1	19,783,384	14.5%
Retail trade*	3	27,108	12.0%	2	15,406,097	11.3%
Accommodation and food services	4	18,736	8.3%	3	12,622,094	9.2%
Administrative and waste services*	5	14,917	6.6%	6	8,657,458	6.3%
Construction*	6	10,338	4.6%	9	6,290,487	4.6%
Wholesale trade	7	10,033	4.4%	10	5,816,318	4.3%
Public administration*	8	9,936	4.4%	8	7,221,251	5.3%
Professional and technical services*	9	7,927	3.5%	7	8,453,203	6.2%
Finance and insurance*	10	7,337	3.3%	11	5,664,688	4.1%
Other services, except public administration*	11	7,319	3.2%	13	4,274,676	3.1%
Management of companies and enterprises*	12	6,111	2.7%	16	2,154,136	1.6%
Educational services*	13	3,851	1.7%	5	12,200,960	8.9%
Transportation and warehousing*	14	3,560	1.6%	12	5,325,471	3.9%
Information*	15	3,014	1.3%	14	2,875,116	2.1%
Arts, entertainment, and recreation	16	2,786	1.2%	15	2,480,359	1.8%
Real estate and rental and leasing	17	1,649	0.7%	17	2,083,636	1.5%
Agriculture, forestry, fishing and hunting*	18	390	0.2%	18	1,237,636	0.9%
Utilities*	19	303	0.1%	20	802,552	0.6%
Mining, quarrying, and oil and gas extraction*	20	131	0.1%	19	842,095	0.6%
Unclassified	21	30	0.0%	21	215,085	0.2%
<b>Total with Data Suppression</b>		<b>202,338</b>	<b>89.7%</b>		<b>136,608,816</b>	<b>100.0%</b>
<b>Total without Data Suppression</b>		<b>225,685</b>	<b>100.0%</b>		<b>136,613,609</b>	<b>100.0%</b>

\*Industries for which employment data are suppressed. Shares are calculated using total without data suppression.

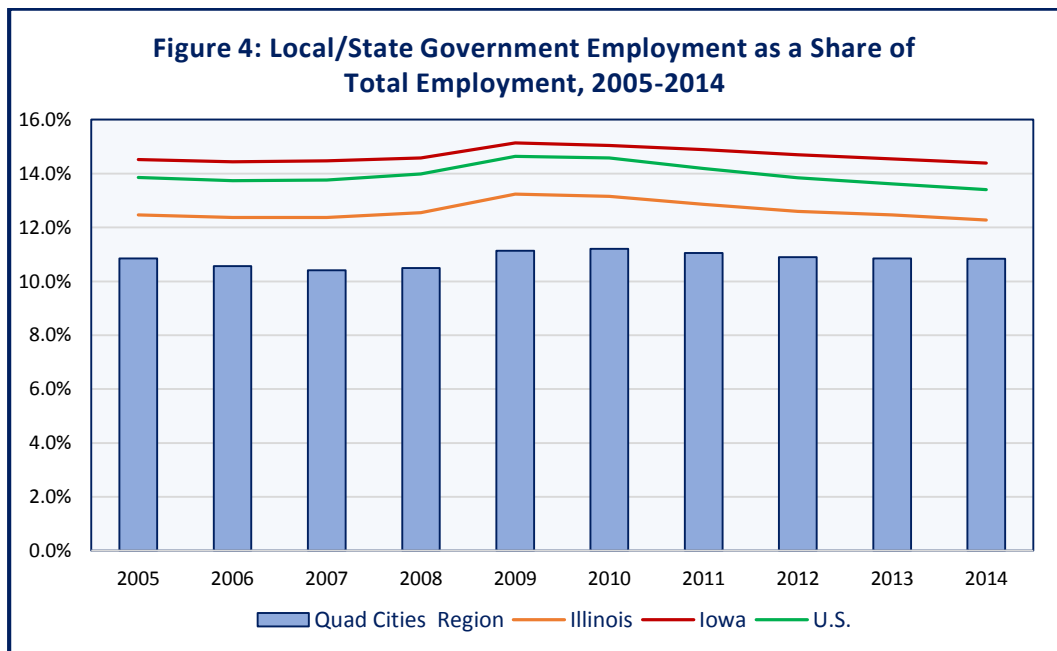
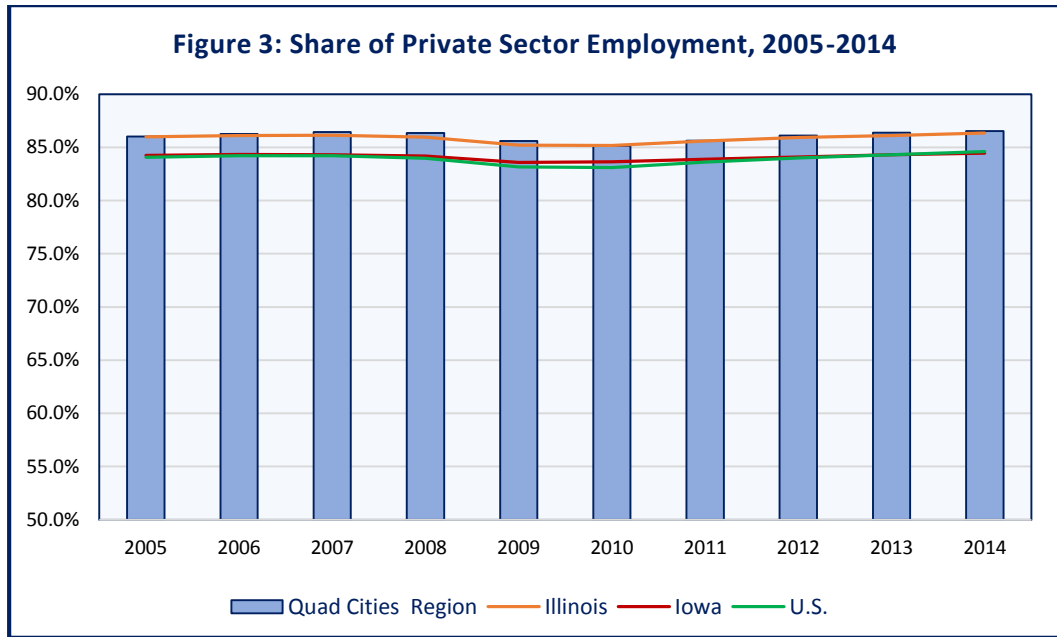
Although the regional economy continues to expand after the recession ended in 2010, current regional employment has not reached the pre-recession level yet (Table 2). During the same period, the U.S. economy performed considerably better and the current national employment level surpassed the pre-recession level. Differences in employment growth can also be seen in Figure 2 where employment levels for the six-county region, Illinois, Iowa, and the U.S. are shown as shares of 2005 employment.

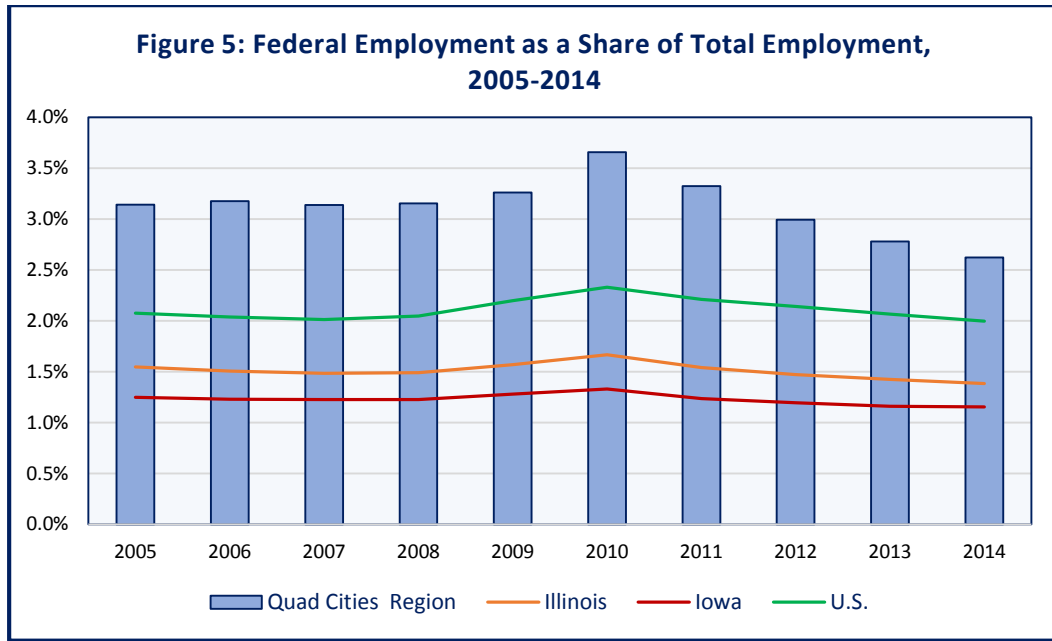
**Table 2: Employment by Region, 2008-2014**

	2008	2009	2010	2011	2012	2013	2014
<b>Region</b>	232,989	220,900	219,559	222,268	224,202	224,791	225,685
<b>Illinois</b>	5,841,692	5,551,930	5,502,322	5,566,648	5,636,918	5,687,541	5,762,156
<b>Iowa</b>	1,490,575	1,445,627	1,436,340	1,452,769	1,475,884	1,496,426	1,515,822
<b>U.S.</b>	134,805,659	128,607,842	127,820,442	129,411,095	131,696,378	133,968,434	136,613,609



Similar to Illinois, the private sector accounts for a large portion of employment in the six-county region. On the other hand, state and local governments account for only around 11 percent of regional employment, a share smaller than the share observed for the nation or the state of Illinois or Iowa. Relative to the nation and the state, the federal government accounts for a relatively large portion of employment in the six-county region. According to the U.S. Bureau of Labor Statistics, in 2014, there were 5,924 federal employees in the six-county region. The majority of these employees are located in Rock Island County (4,977) and 2,288 of which are employed in the (federal) manufacturing sector. It is important to note that the share of federal government in regional employment is declining while the share of private sector employment is increasing in the last five years (two parallel trends are observable in Figure 3 and Figure 5).



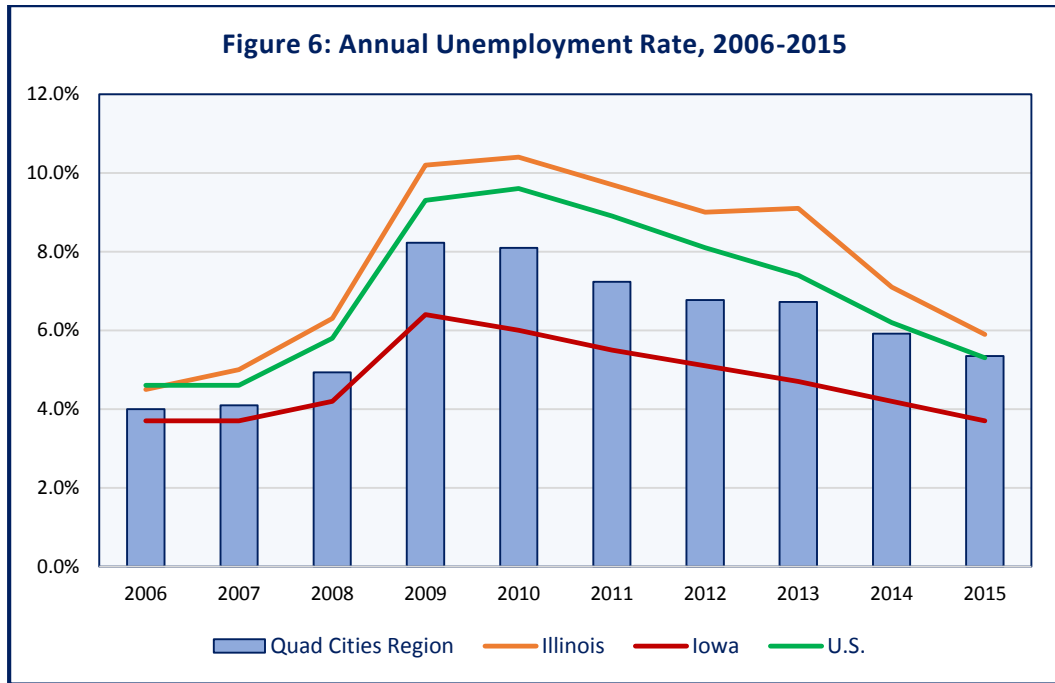


### Unemployment Rate

Current unemployment rate in the region (5.3%) is the same as the national unemployment rate (5.3%) and below the state rate (5.9%).<sup>1</sup> After rising sharply during the recession years of 2009 and 2010, the regional unemployment rate has fallen in recent years, but it is still higher than the pre-recession levels (Figure 6). This could be an indication of slow regional recovery or of industrial and/or occupational changes occurring in the regional economy relative to the nation. There are substantial variations among counties in the region in terms of the unemployment rate. Overall, counties in Iowa generally have lower unemployment rates than their counterparts in Illinois; variations in unemployment rates for Iowa and Illinois seem to be a reflection of state level differences.

<sup>1</sup> The unemployment rate is a measure of an economy’s realized potential in terms of providing jobs to those looking for work. It is a lagging indicator and generally falls following a period of economic growth. Low unemployment rate suggests a tight labor market that cannot accommodate new firms unless there is growth in the local labor market. Conversely, a high unemployment rate suggests there is hardship in the local economy and active economic development efforts are needed. It is important to determine whether the unemployment is associated with specific industries and occupations.





**Table 3: Unemployment Rate (%) by County and Region, 2006-2015**

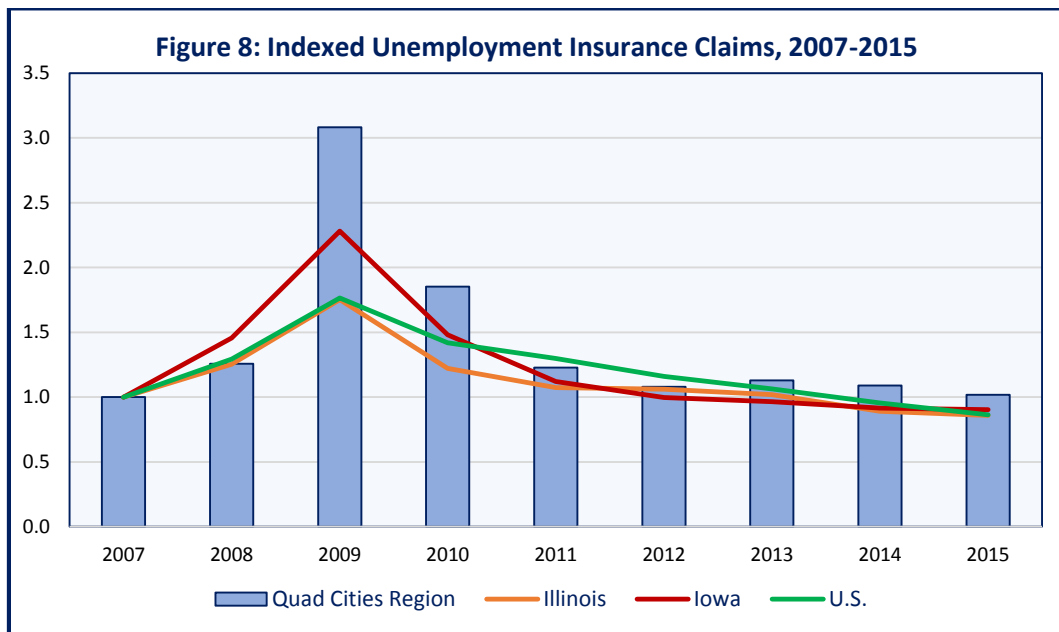
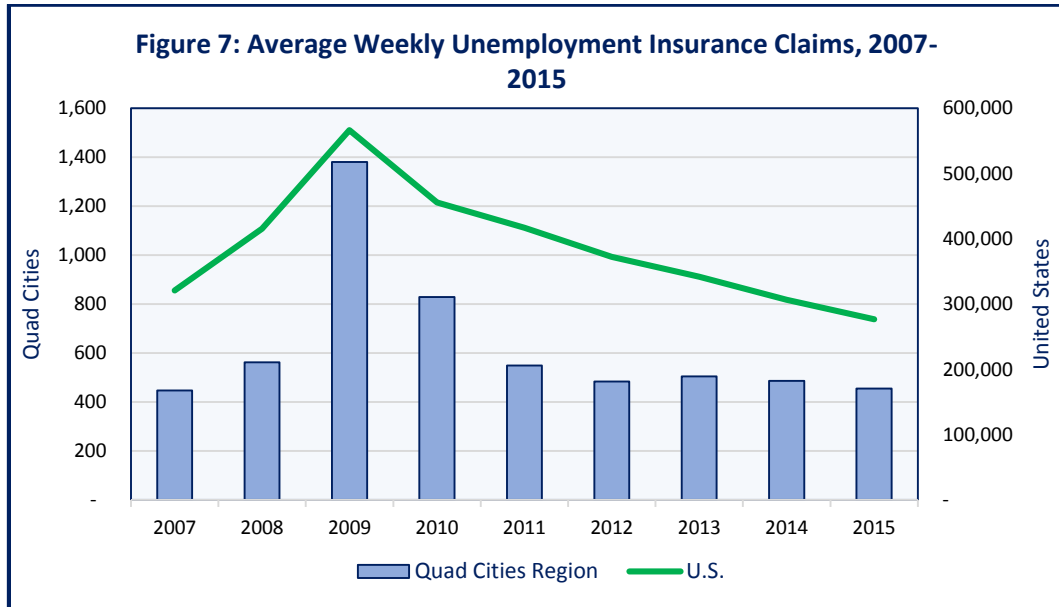
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Clinton County, IA	3.9	3.7	4.3	7.3	7.0	6.6	6.2	5.8	5.2	4.9
Muscatine County, IA	3.2	3.4	4.4	8.7	8.0	6.6	5.8	5.2	4.5	3.8
Scott County, IA	3.8	3.7	4.3	7.1	6.7	6.1	5.8	5.6	5.2	4.6
Henry County, IL	4.1	4.8	6.0	9.2	9.1	7.9	7.4	7.8	6.7	6.2
Mercer County, IL	5.3	5.4	6.7	10.3	10.0	8.4	7.8	7.9	7.0	6.2
Rock Island County, IL	4.3	4.5	5.5	9.2	9.5	8.5	8.1	8.3	7.1	6.5
<b>Six-County Region</b>	<b>4.0</b>	<b>4.1</b>	<b>4.9</b>	<b>8.2</b>	<b>8.1</b>	<b>7.2</b>	<b>6.8</b>	<b>6.7</b>	<b>5.9</b>	<b>5.3</b>
<b>Illinois</b>	<b>4.5</b>	<b>5.0</b>	<b>6.3</b>	<b>10.2</b>	<b>10.4</b>	<b>9.7</b>	<b>9.0</b>	<b>9.1</b>	<b>7.1</b>	<b>5.9</b>
<b>Iowa</b>	<b>3.7</b>	<b>3.7</b>	<b>4.2</b>	<b>6.4</b>	<b>6.0</b>	<b>5.5</b>	<b>5.1</b>	<b>4.7</b>	<b>4.2</b>	<b>3.7</b>
<b>U.S.</b>	<b>4.6</b>	<b>4.6</b>	<b>5.8</b>	<b>9.3</b>	<b>9.6</b>	<b>8.9</b>	<b>8.1</b>	<b>7.4</b>	<b>6.2</b>	<b>5.3</b>

### Initial Unemployment Insurance Claims

After peaking during the recession (2009), recent regional insurance claims to a large extent seem to have returned to their pre-recession levels (Figure 7).<sup>2</sup> Similar to the national and statewide trends, the region experienced a higher number of claims during the recession years of 2009 and

<sup>2</sup> Initial unemployment insurance claims are a leading indicator of economic conditions and are used in the analysis of current unemployment trends. New claims anticipate subsequent movement in the economy, primarily measuring emerging unemployment.

2010, but the most recent claims are around pre-recession levels. Although, the trend for the six-county region is similar to trends observed for the U.S. or Illinois, in 2009 UI claims spiked to a much greater degree than nation- or state-wide. In Figure 8, initial unemployment claims for the six-county region, Illinois, Iowa, and the U.S. are shown as a share of 2007 initial unemployment claims. Current initial claims in the region appear to have returned to their pre-recession levels in 2015.



## Annual Wages

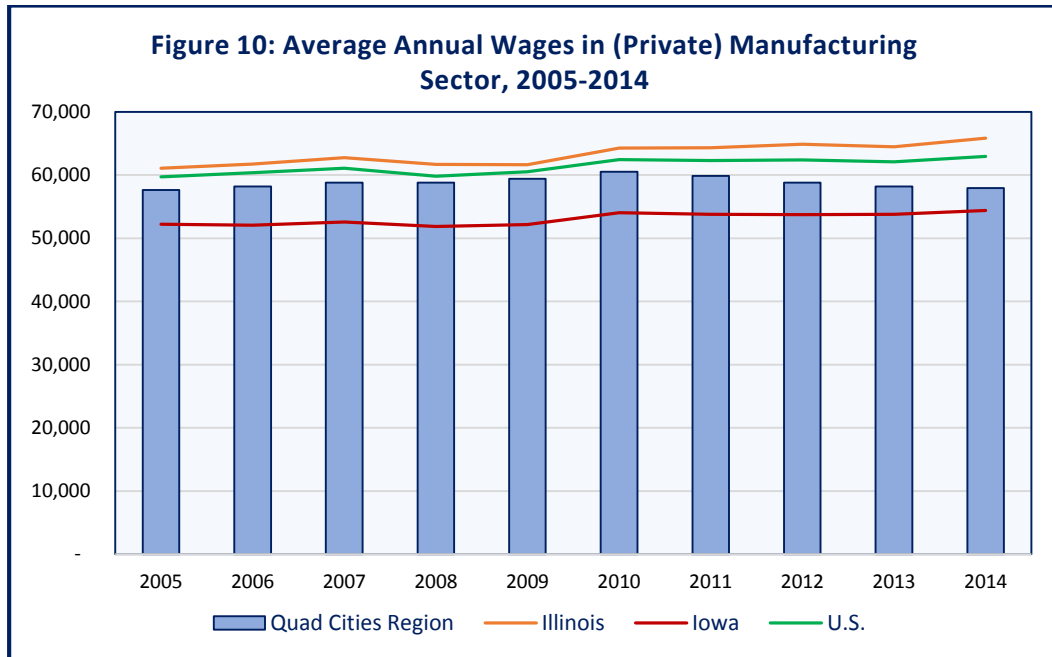
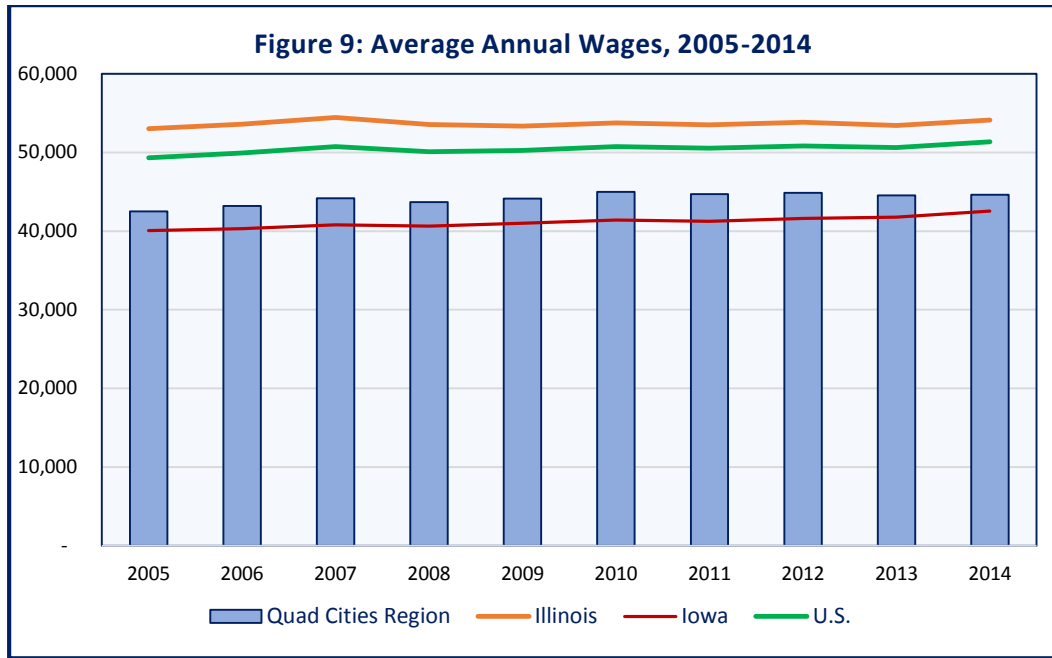
The current average wage for all industries in the region is \$44,638. This figure is below the national and Illinois figures (According to 2014 estimates, average annual wages for all industries in Illinois was \$54,106 and \$51,364 in the U.S.).<sup>3</sup> Figure 9 depicts average annual wages for the economy as a whole while Figure 10 examines average annual wages for just the manufacturing sector. Different trends are observed in terms of changes in wages for the economy as a whole and the manufacturing sector. In the last ten years, while average regional wages for all industries have been consistently below the national and Illinois figures, and slightly above Iowa figures, regional wages for the manufacturing sector has been almost at the same level as the national average. However, since 2011, wages in the manufacturing sector have stagnated in the region while increasing slightly in the U.S. as well as in Illinois.

The manufacturing sector is selected for the analysis of changes in wages compared to the economy as a whole for two reasons. First, it provides the largest employment in the region. Second, given the agglomeration of this sector in the region (relative the nation as well as Illinois), we would expect to see higher wages in this sector than the regional economy as a whole.<sup>4</sup> In fact, as illustrated in Figure 9 and 10, while average regional wages for all industries are below the national and Illinois figures, regional wages for the manufacturing sector, at least until 2009, are almost at the same level as the national average and only slightly below the Illinois figure.

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<sup>3</sup> Annual wages are a key to understanding what the standard of living is in the local economy. Earnings from employment in the form of wages remain the primary source of income for individuals to support themselves and their families. Industry-level annual wages are also considered as an indicator of a region's competitiveness. All monetary figures are in 2014 dollars. Previous year wages are adjusted for inflation using Consumer Price Index (CPI) deflators published by the U.S. Bureau of Labor Statistics (BLS).

<sup>4</sup> This comparison can be considered a (rough) measure of the extent to which the region is specialized in a manufacturing industry that pays less or more overall.



## Regional Industrial Specialization

The six-county region appears to be specialized in at least sixteen 3-digit NAICS industries (Table 4).<sup>5</sup> Seven of these industries are manufacturing. The following four industries and businesses operating in these industries are either performing defense related contract work or are part of defense industry supply chain: Primary metal product manufacturing (NAICS 331); Machinery manufacturing (NAICS 333); Fabricated metal product manufacturing (NAICS 332); National security and international affairs (NAICS 928). Besides being regionally concentrated, these industries are a major source of employment in the region. They together accounted for half of total manufacturing employment in 2014.

**Table 4: Industries with Relatively High Location Quotients, 2014**

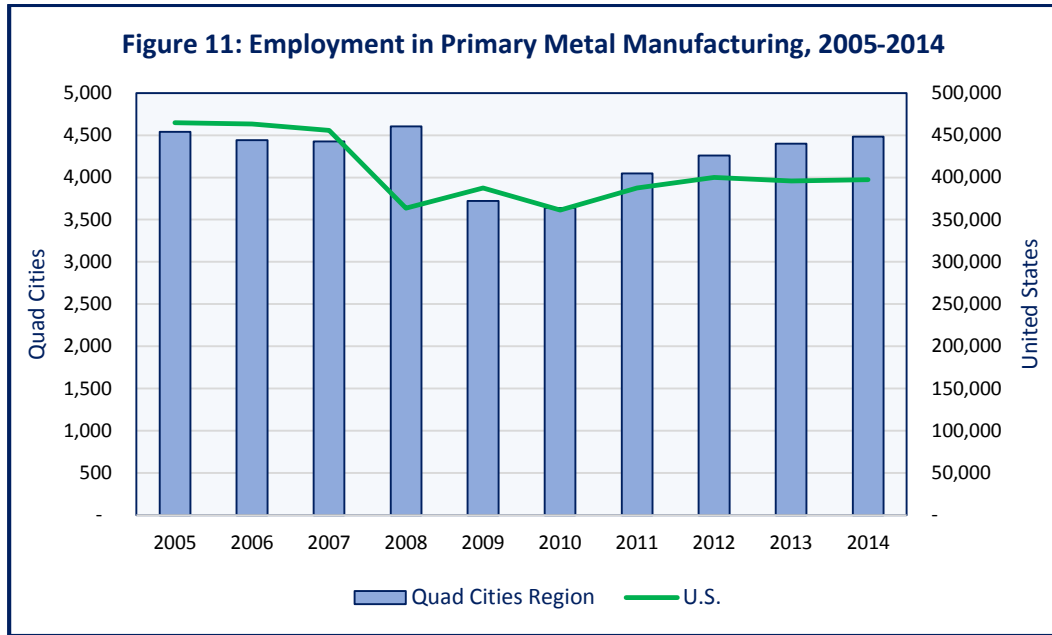
NAICS Code	Industry	U.S.	Quad Cities Region	LQ
<b>331</b>	<b>Primary metal manufacturing*</b>	<b>397,520</b>	<b>4,482</b>	<b>6.83</b>
337	Furniture and related product manufacturing*	368,331	3,306	5.43
<b>333</b>	<b>Machinery manufacturing*</b>	<b>1,120,463</b>	<b>7,295</b>	<b>3.94</b>
<b>332</b>	<b>Fabricated metal product manufacturing†</b>	<b>1,453,560</b>	<b>5,602</b>	<b>2.33</b>
311	Food manufacturing*	1,484,868	4,615	1.88
484	Truck transportation	1,410,252	4,357	1.87
551	Management of companies and enterprises	2,154,136	6,111	1.72
<b>928</b>	<b>National security and international affairs</b>	<b>567,940</b>	<b>1,570</b>	<b>1.67</b>
447	Gasoline stations	880,461	2,358	1.62
326	Plastics and rubber products manufacturing	673,098	1,709	1.54
327	Nonmetallic mineral product manufacturing*	381,871	958	1.52
814	Private households	278,723	686	1.49
921	Executive, legislative and general government*	2,990,526	6,897	1.40
443	Electronics and appliance stores*	488,425	1,069	1.32
423	Merchant wholesalers, durable goods*	2,908,993	6,292	1.31
441	Motor vehicle and parts dealers	1,858,403	3,851	1.25
<b>Total Employment with Data Suppression</b>		<b>202,338</b>	<b>136,608,816</b>	<b>N.A.</b>
<b>Total Employment without Data Suppression</b>		<b>225,685</b>	<b>136,613,609</b>	<b>N.A.</b>

\* Industries for which employment data at the regional level are suppressed. LQs are likely underestimated for these industries. †Rock Island Arsenal is part this industry: Small arms, ordnance, and accessories manufacturing (NAICS Code 332994).

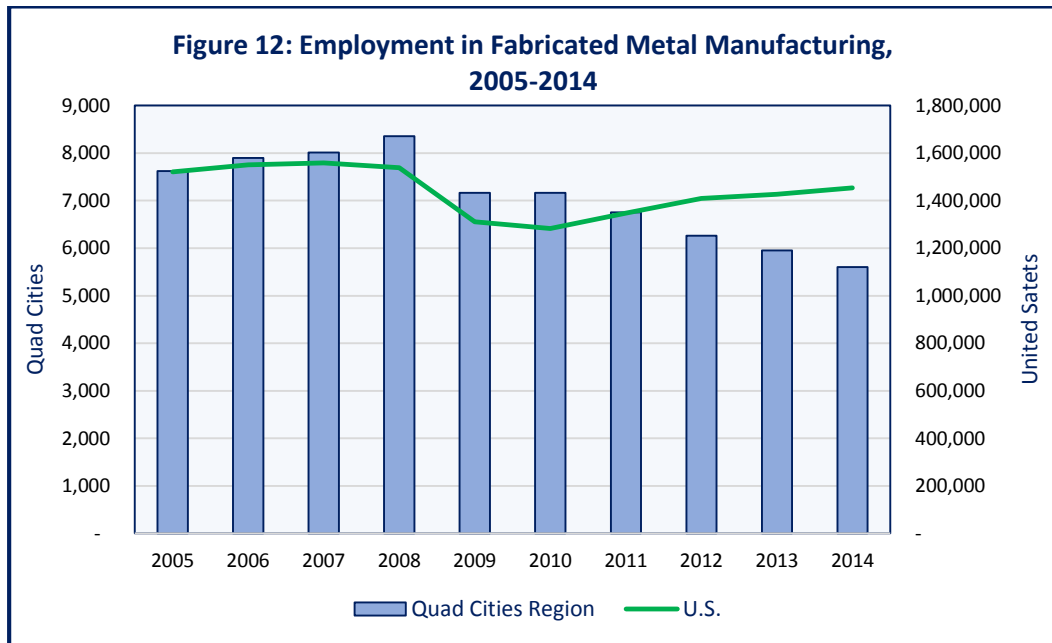
Given their size in the six-county regional economy and potential supply-chain linkages to the defense industry, the following figures examine regional employment levels in these industries in comparison with national trends. Overall, regional employment in primary metal manufacturing

<sup>5</sup>This specialization is determined by location quotients. Location quotients (LQs) are a relatively simple measure consisting of ratios that compare a region's distribution of employment to a reference region (U.S.). These ratios are interpreted as relative regional concentration or industrial specialization. Industries with LQs greater than 1.25 are interpreted as regionally concentrated because these are likely to be the export base industries whose further growth will stimulate the overall economy.

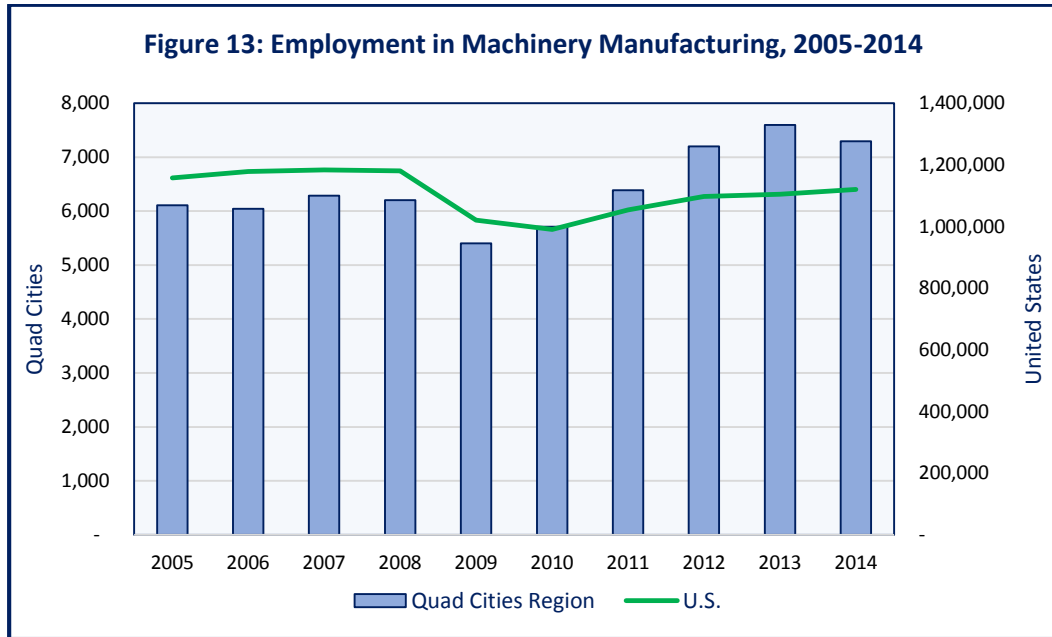
follows the national trend. And since the recession ended in 2010, employment in primary metal manufacturing in the region increased faster than the U.S.



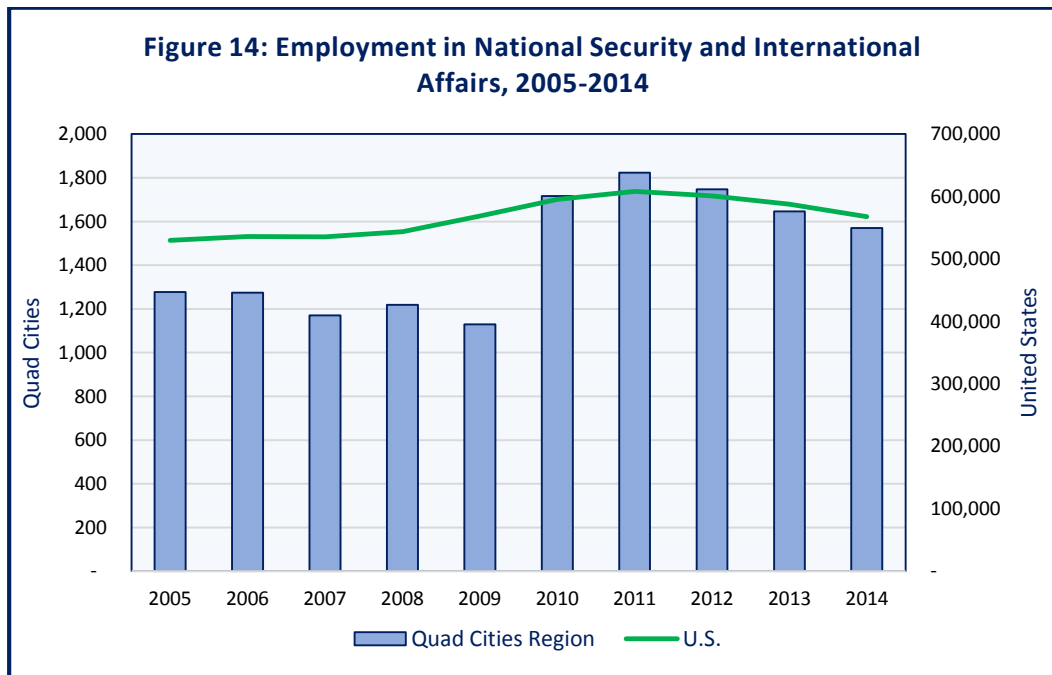
Regional employment in fabricated metal manufacturing declined substantially during the recession years and has not recovered yet. While national employment started growing in this industry after the recession ended in 2010, regional employment continued its downward trend.



In parallel to national trend, regional employment in machinery manufacturing declined during the recession years, but recovered relatively quickly after the recession ended in 2010. Since then, employment in machinery manufacturing in the region increased faster than the U.S.



Regional employment in national security and international affairs closely follows the national trend. Given that, stabilization in 2012 and then a slight decline in employment since then are probably due to changes in national defense and security policies at the national level.



## Occupations

There are three major growth occupation groups: Management occupations; Architecture and Engineering Occupations; Architecture and Engineering Occupations (Table 5). Occupation groups with increased occupational employment LQ values over time indicate that industries that demand these occupations are probably growing and might demand equivalent or similar occupations in the future (Table 6). Understanding the current and changing occupation mix of a region informs policy makers and analysts about occupational requirements of local industries. Specifically, they could inform educational and workforce training policies and programs for growing and/or specialized industries. For example, employment growth in machinery manufacturing (NAICS 333) discussed above are probably related to growth in Architecture and Engineering Occupations.



**Table 5: Changes in Major Occupation Groups in Davenport-Moline-Rock Island Metropolitan Statistical Area and U.S., 2010-2015\***

Occ. Code	Occupation Title	Region			U.S.		
		2010	2015	Change	2010	2015	Change
<b>11-0000</b>	<b>Management Occupations</b>	<b>7,650</b>	<b>10,340</b>	<b>35.2%</b>	<b>6,022,860</b>	<b>6,936,990</b>	<b>15.2%</b>
13-0000	Business and Financial Operations Occupations	10,030	8,280	-17.4%	6,090,910	7,032,560	15.5%
<b>15-0000</b>	<b>Computer and Mathematical Occupations</b>	<b>2,910</b>	<b>4,480</b>	<b>54.0%</b>	<b>3,283,950</b>	<b>4,005,250</b>	<b>22.0%</b>
<b>17-0000</b>	<b>Architecture and Engineering Occupations</b>	<b>2,480</b>	<b>3,570</b>	<b>44.0%</b>	<b>2,305,530</b>	<b>2,475,390</b>	<b>7.4%</b>
19-0000	Life, Physical, and Social Science Occupations	490	960	95.9%	1,064,510	1,146,110	7.7%
21-0000	Community and Social Service Occupations	2,380	2,280	-4.2%	1,901,180	1,972,140	3.7%
23-0000	Legal Occupations	950	830	-12.6%	992,650	1,062,370	7.0%
25-0000	Education, Training, and Library Occupations	10,100	10,710	6.0%	8,457,870	8,542,670	1.0%
27-0000	Arts, Design, Entertainment, Sports, and Media Occ.	2,480	2,080	-16.1%	1,716,640	1,843,600	7.4%
29-0000	Healthcare Practitioners and Technical Occupations	10,490	9,430	-10.1%	7,346,580	8,021,800	9.2%
31-0000	Healthcare Support Occupations	5,170	5,480	6.0%	3,962,930	3,989,910	0.7%
33-0000	Protective Service Occupations	3,460	3,980	15.0%	3,187,810	3,351,620	5.1%
35-0000	Food Preparation and Serving Related Occupations	15,810	16,160	2.2%	11,027,340	12,577,080	14.1%
37-0000	Building and Grounds Cleaning and Maintenance Occ.	5,350	5,500	2.8%	4,175,550	4,407,050	5.5%
39-0000	Personal Care and Service Occupations	3,620	4,090	13.0%	3,425,220	4,307,500	25.8%
41-0000	Sales and Related Occupations	19,060	17,330	-9.1%	13,437,980	14,462,120	7.6%
43-0000	Office and Administrative Support Occupations	26,420	26,410	0.0%	21,503,800	21,846,420	1.6%
45-0000	Farming, Fishing, and Forestry Occupations	200	380	90.0%	408,040	454,230	11.3%
47-0000	Construction and Extraction Occupations	6,660	7,400	11.1%	5,072,530	5,477,820	8.0%
49-0000	Installation, Maintenance, and Repair Occupations	7,610	8,350	9.7%	4,928,960	5,374,150	9.0%
51-0000	Production Occupations	20,940	17,510	-16.4%	8,236,340	9,073,290	10.2%
53-0000	Transportation and Material Moving Occupations	13,050	14,800	13.4%	8,547,980	9,536,610	11.6%
<b>00-0000</b>	<b>All Occupations</b>	<b>177,330</b>	<b>180,340</b>	<b>1.7%</b>	<b>127,097,160</b>	<b>137,896,660</b>	<b>8.5%</b>

\*The Davenport-Moline-Rock Island Metropolitan Statistical Area comprised of four counties: Henry, Mercer, and Rock Island Counties in Illinois and Scott County in Iowa. Occupations data at the county level is not available, therefore equivalent occupational statistics cannot be presented for the six-county region.

**Table 6: Occupational Employment Location Quotients, Davenport-Moline-Rock Island Metropolitan Statistical Area, 2015\***

Occ. Code	Occupation Title	2010	2015
<b>11-0000</b>	<b>Management Occupations</b>	<b>0.91</b>	<b>1.14</b>
13-0000	Business and Financial Operations Occupations	1.18	0.90
15-0000	Computer and Mathematical Occupations	0.64	0.86
<b>17-0000</b>	<b>Architecture and Engineering Occupations</b>	<b>0.77</b>	<b>1.10</b>
19-0000	Life, Physical, and Social Science Occupations	0.33	0.64
21-0000	Community and Social Service Occupations	0.90	0.88
23-0000	Legal Occupations	0.69	0.60
25-0000	Education, Training, and Library Occupations	0.86	0.96
27-0000	Arts, Design, Entertainment, Sports, and Media Occ.	1.03	0.86
29-0000	Healthcare Practitioners and Technical Occupations	1.02	0.90
31-0000	Healthcare Support Occupations	0.94	1.05
33-0000	Protective Service Occupations	0.78	0.91
35-0000	Food Preparation and Serving Related Occupations	1.03	0.98
37-0000	Building and Grounds Cleaning and Maintenance Occ.	0.92	0.95
39-0000	Personal Care and Service Occupations	0.76	0.73
41-0000	Sales and Related Occupations	1.02	0.92
43-0000	Office and Administrative Support Occupations	0.88	0.92
45-0000	Farming, Fishing, and Forestry Occupations	0.34	0.65
47-0000	Construction and Extraction Occupations	0.94	1.03
49-0000	Installation, Maintenance, and Repair Occupations	1.11	1.19
51-0000	Production Occupations	1.82	1.48
53-0000	Transportation and Material Moving Occupations	1.10	1.19
<b>00-0000</b>	<b>All Occupations</b>	<b>1.00</b>	<b>1.00</b>

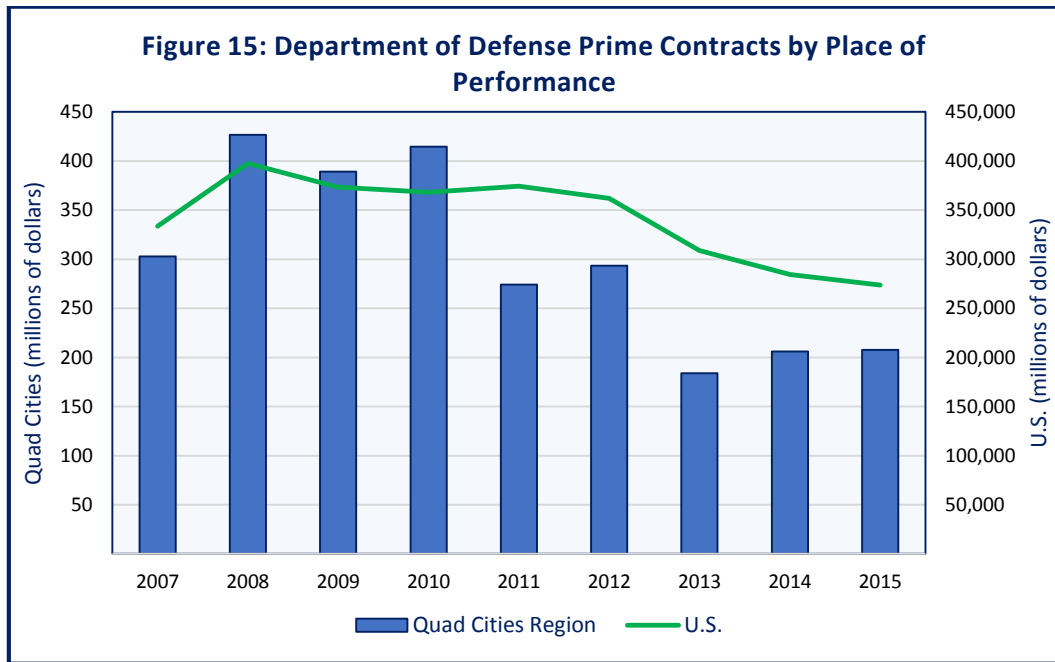
\*Reference region in LQ calculations is U.S.

### Trends in Department of Defense Contracts

Since 2007, the Department of Defense spent at least \$250 million dollars on average annually in the Quad Cities Region (Figure 15).<sup>6</sup> Although these contracts constitute around 1 percent of the gross regional product, they support regionally concentrated industries and is substantial for regional businesses in industries listed in Table 7.<sup>7</sup> It is worth noting that the region's share in the national defense spending appears to be decreasing in recent years: such is the case between 2012 and 2015 when contracts performed in the region decreased from \$293 to \$207 million.

<sup>6</sup> Contracts spending data are not adjusted for inflation. Data are derived from USASpending.gov, which is a publicly available, searchable website operated by the U.S. Treasury Department's Bureau of the Fiscal Service. Also, figures for the region are a low-end tally of contracting dollars because the data source includes only direct contracts and not subcontracts.

<sup>7</sup> According to U.S. Bureau of Economic Analysis, Davenport-Moline-Rock Island MSA's gross regional product was \$19.707 billion in 2014.



In 2015, \$207.7 million worth of DoD contracts were performed in the Quad Cities Region. Businesses operating in construction, manufacturing, and professional and technical services received the most contract dollars obligated in FY 2015 (Table 7). The top four industries include: Commercial building construction (236220); Facilities support services (NAICS 561210); Aircraft parts and equipment manufacturing (336413); and, Engineering services (NAICS 541330). As discussed above, businesses in machinery manufacturing (NAICS 333) and fabricated metal manufacturing (NAICS 332) appear to be performing a substantial amount of DOD contracts in the region.

**Table 7: Industries with DoD Prime Contracts Valued at least \$1 million, Fiscal Year 2015**

NAICS Code	Industry	Sum of dollars obligated	Share (%)
236220	Commercial and Institutional Building Construction	\$20,713,529	10.0
561210	Facilities Support Services	\$18,755,763	9.0
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	\$16,578,705	8.0
541330	Engineering Services	\$15,889,533	7.6
541519	Other Computer Related Services	\$14,125,712	6.8
237310	Highway, Street, and Bridge Construction	\$13,486,718	6.5
333120	Construction Machinery Manufacturing	\$10,064,252	4.8
325920	Explosives Manufacturing	\$9,178,189	4.4
238220	Plumbing, Heating, and Air-Conditioning Contractors	\$9,118,193	4.4
337214	Office Furniture (except Wood) Manufacturing	\$8,922,393	4.3
336411	Aircraft Manufacturing	\$7,696,895	3.7
238160	Roofing Contractors	\$7,297,128	3.5
336212	Truck Trailer Manufacturing	\$6,928,667	3.3
332912	Fluid Power Valve and Hose Fitting Manufacturing	\$3,119,674	1.5
333911	Pump and Pumping Equipment Manufacturing	\$3,113,626	1.5
541513	Computer Facilities Management Services	\$2,796,049	1.3
517110	Wired Telecommunications Carriers	\$2,752,794	1.3
334511	Search, Detection, Navigation Instrument Manufacturing	\$2,324,437	1.1
541614	Process and Logistics Consulting Services	\$2,323,771	1.1
561720	Janitorial Services	\$2,266,985	1.1
332994	Small Arms, Ordnance, and Ordnance Accessories Manufacturing	\$1,544,172	0.7
562910	Remediation Services	\$1,525,959	0.7
541611	Administrative Management Consulting Services	\$1,174,265	0.6
334111	Electronic Computer Manufacturing	\$1,111,277	0.5
442110	Furniture Stores	\$1,100,920	0.5
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	\$1,091,314	0.5
333515	Cutting Tool and Machine Tool Accessory Manufacturing	\$1,045,426	0.5
	<b>Subtotal</b>	<b>\$186,046,345</b>	<b>89.6</b>
	<b>Other Industries</b>	<b>\$21,666,338</b>	<b>10.4</b>
	<b>General Total</b>	<b>\$207,712,683</b>	<b>100.0</b>

## Summary

Overall, compared to the nation, the six-county regional economy appears to be different in terms of industrial composition. Manufacturing is the largest industry by employment in the region and workers in this sector enjoy relatively higher wages compared to the workers in other local sectors. After manufacturing, health care and retail trade are the two largest sectors. These three sectors together constituted approximately 42 percent of total regional employment in 2014. There has not been a significant change in the sectoral distribution of employment in the six-county region in the last five years. In 2010, these three industries were also the largest employers.

Although the regional economy continues to expand after the recession ended in 2010, similar to the trend in Illinois, current regional employment is still behind the pre-recession point. During the

same period, the U.S. economy performed considerably better and the current national employment level surpassed pre-recession level. Relatively slow growth in employment in the six-county region could be explained by (1) creation of fewer new jobs, (2) slower population growth, or (3) a declining labor force participation rate. According to the Illinois Department of Employment Security, 2015 unemployment rate in the region was 5.3% and same as the national rate.

## Definitions & Data Sources

### **Unemployment Rate**

The unemployment rate is the percentage of the labor force that is unemployed. People are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work. The labor force is made up of the employed and the unemployed (16 years of age and over). The remainder—those who have no job and are not looking for one—are counted as *not in the labor force*. Many who are not in the labor force are going to school or are retired. Family responsibilities keep others out of the labor force. Since the mid-1990s, typically fewer than 1 in 10 people not in the labor force reported that they want a job (BLS). Unemployment rate reported for the six-county region is calculated using weighted average for six counties that comprise the region.

Illinois Department of Employment Security, Economic Information and Analysis

[http://www.ides.illinois.gov/LMI/Pages/Annual\\_Average\\_Data.aspx](http://www.ides.illinois.gov/LMI/Pages/Annual_Average_Data.aspx)

### **Unemployment Insurance (UI) Claims**

UI claims data are widely used as an indicator of labor market conditions. Unemployment insurance (UI) programs are administered at the state level and provide assistance to jobless people who are looking for work. Workers who lose their jobs may file applications to determine if they are eligible for UI assistance. These applications are referred to as "initial claims." Claimants who meet the eligibility requirements must file "continuing claims" for each week that they seek benefits. While the UI claims data provide useful information, they are not used to measure total unemployment because they exclude several important groups. Not all workers are covered by UI programs. For example, self-employed workers, unpaid family workers, workers in certain not-for-profit organizations, and several other small (primarily seasonal) worker categories are not covered. Over the past decade, only about one-third of the total unemployed, on average, received regular UI benefits.

Illinois Department of Employment Security, Economic Information and Analysis

[http://www.ides.illinois.gov/LMI/Pages/Annual\\_Average\\_Data.aspx](http://www.ides.illinois.gov/LMI/Pages/Annual_Average_Data.aspx)

The U.S. Department of Labor

<http://workforcesecurity.doleta.gov/unemploy/claims.asp>

### **Wages**

Wages include bonuses, stock options, severance pay, profit distributions, cash value of meals and lodging, tips and other gratuities, and, in some States, employer contributions to certain deferred compensation plans such as 401(k) plans. Average annual wages reported for the six-county region are calculated using weighted average for six counties that comprise the region.

The Quarterly Census of Employment and Wages (QCEW).

<http://www.bls.gov/cew/datatoc.htm>

### **Employment**

The QCEW employment count is a total derived from quarterly contribution reports filed by almost every employer in the U.S., Puerto Rico and the U.S. Virgin Islands. It counts only filled jobs, whether full or part-time, temporary or permanent, by place of work. The quarterly reports include the establishment's monthly employment levels for the pay periods that include the twelfth of the month. Because the QCEW data is based on an establishment census which counts only filled jobs, it is likely that a multi-job holder will be counted two or more times in QCEW data.

The U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW).  
<http://www.bls.gov/cew/datatoc.htm>

### **Occupations**

An occupation is a set of activities or tasks that employees are paid to perform. Employees that perform essentially the same tasks are in the same occupation, whether or not they are in the same industry. Some occupations are concentrated in a few industries, while other occupations are found in the majority of industries. Occupations data derived from the occupational employment statistics (OES). The OES survey is a semi-annual mail survey of non-farm establishments. Note that Military Specific Occupations are not surveyed in OES.

The U.S. Bureau of Labor Statistics, Occupational Employment Statistics (OES).  
<http://www.bls.gov/oes/current/oessrcma.htm>

### **Department of Defense Contracts**

USA Spending reports two different locations for DOD contract awards: (1) The Recipient Location and (2) The Place of Performance. The *recipient location* is usually the headquarters of the entity receiving a federal award while the *place of performance* includes the location for the project being funded by the award or the location where products or services have been purchased for a project being funded by an award. Contract awards reported in this profile are based on the *place of performance*. And, regional contracts figures are approximation as they are derived from zip code-level data points. The following zip codes are considered to be roughly representative of the six-county Quad Cities Region: 52037, 52254, 52701, 52720, 52722, 52726, 52727, 52728, 52729, 52730, 52731, 52732, 52733, 52734, 52736, 52739, 52742, 52745, 52746, 52748, 52749, 52750, 52751, 52753, 52756, 52757, 52758, 52759, 52760, 52761, 52765, 52766, 52767, 52768, 52769, 52771, 52773, 52774, 52776, 52777, 52778, 52801, 52802, 52803, 52804, 52805, 52806, 52807, 52808, 52809, 61201, 61204, 61231, 61232, 61233, 61234, 61235, 61236, 61237, 61238, 61239, 61240, 61241, 61242, 61244, 61254, 61256, 61257, 61258, 61259, 61260, 61262, 61263, 61264, 61265, 61266, 61272, 61273, 61274, 61275, 61276, 61278, 61279, 61281, 61282, 61284, 61299, 61412, 61413, 61419, 61434, 61442, 61443, 61465, 61466, 61468, 61476, 61486, 61490.

Annual contract figures are an aggregation of awards that occurred in a single fiscal year. The federal government operates on a fiscal year that begins on October 1st and ends the following September 30th.

The U.S. Treasury Department Bureau of the Fiscal Service.

<https://www.usaspending.gov/DownloadCenter/Pages/dataarchives.aspx>