

CAROCP Market Watch

(A Monthly Trends & Forecasting Report)
October 2006

WHERE THE JOBS ARE *(All Sectors)*

Over the past five years, jobs created by the housing boom were swallowed up by the job losses from the info tech bust. That left health care as the main source of private sector job growth. Listed below are increases and decreases in the job market since 2001:

Health Care and Related Industries – Hospitals have been big hirers over the past five years, with 478,000 new jobs, followed by physicians' offices and nursing facilities. Health insurers added 106,000 more jobs. Medical and diagnostic labs added 37,000 jobs, while drug makers contributed 12,000. No jobs were added by the makers of medical equipment and supplies.

Construction and Real Estate-Related – Housing boosted hiring in construction, mortgage lending, and real estate. Home-supply stores like Home Depot and Lowe's added 153,000 jobs, bucking the downward trend in retailing. However, furniture makers lost more than 100,000 American jobs.

Government Except Hospitals – Local and state education were the prime sources of new government jobs with more than 700,000 over this five-year period. Outside of schools and hospitals, the rest of government – federal, state, and local – added only 180,000 new positions.

All Other Private – Probably the biggest downer in the non-health private job market was the information sector. Over the past five years, makers of computer and electronic products, shed more than 500,000 U.S. jobs, while telecom companies cut more than 300,000 jobs. BusinessWeek, September 25, 2006

HEALTH CARE SECTOR IS KEEPING THE JOB MARKET ALIVE *(Health Science and Medical Technology)*

Almost invisibly, health care has become the main American job program for the 21st century, replacing, at least for the moment, all the other industries that are vanishing from the landscape. With more than \$2 trillion in spending – half public, half private – health care is propping up local job markets in the Health Belt (Northeast, Midwest, and South), the regions hit hardest by globalization and the collapse of manufacturing.

Since 2001, 1.7 million new jobs have been added in the health care sector, which includes related industries such as pharmaceuticals and health insurance. Meanwhile, the number of private sector jobs outside of health care is no higher than it was five years ago. If current trends continue, 30%-40% of all new jobs created over the next 25 years will be in health care. Economists warn that this sort of lopsided job creation is not the blueprint for a well-functioning economy. BusinessWeek, September 25, 2006

GO TO UC FOR FREE *(Education, Child Development, and Family Services)*

The best of college is now available, for free, without unpleasanties such as 8:00 a.m. classes, pop quizzes or term papers. In a new deal with Google Video, the University of California, Berkeley is sharing with the public, via the Internet, dozens of videotaped seminars, speeches, special events and even entire courses taught by some of the campus' leading professors.

Easy to view and accessible to everyone, the Web site offers more than 100 introductory-level lectures in subjects such as physics, biology, chemistry, information systems and bioengineering. Viewers can't earn credit, but they don't have to find a parking place either. UC Berkeley is the first campus to post entire course lectures online. It is the only school with its own page on the Web site of Google Video, a new, vast and often chaotic video marketplace that features everything from "I Love Lucy" reruns to amateur footage of car crashes.

The school also uses iTunes to deliver podcasts of audio-taped course material. Users download the lectures individually or subscribe to semester-long podcasts, which transfer new sessions to MP3 players when connected to a computer. There is a move in higher education to provide open access. More than 250 hours of UC Berkeley content is now available online at <http://video.google.com/ucberkeley>.

San Jose Mercury News, September 28, 2006

AND FREE TEXTBOOKS TOO *(Marketing, Sales, and Service)*

Textbook prices are soaring into the hundreds, but in some courses this fall, students won't pay a dime. The catch: Their textbooks will have ads for companies including Pura Vida Coffee and FedEx Kinko's. Selling ad space keeps newspapers, magazines, websites and television either cheap or free for users. But so far, the model hasn't caught on with textbooks.

Now, a small Minnesota startup is trying to shake up the college textbook industry. Freeload Press Inc. will offer more than 100 titles this fall – mostly for business courses completely free. After filling out a five-minute survey, students can download the text of the book, which can be stored on a hard drive and printed.

The company said that it was rapidly adding titles and would have 200,000 textbooks and study aids in circulation by next year. Ultimately, whether Freeload changes the industry or fades away will probably depend on its ability to attract popular textbook authors. The Los Angeles Times, September 5, 2006

THE NEW FUEL *(Transportation)*

General Motors Corp., trying to improve its image among environmentalists and motorists looking for better mileage, will build more than 100 hydrogen-fueled vehicles next year for drivers on the West and East coasts. The sport utility vehicles are powered by fuel cells and emit only water. They are part of GM's plans to have 1,000 hydrogen cars and trucks on U.S. roads by 2010. GM rivals DaimlerChrysler, Toyota Motor Corp. and Honda Motor Co. also are developing fuel-cell vehicles in response to customer and government demands. Buyers are more interested in fuel economy amid the high gasoline prices of the last two years, and new government rules require less pollution and better mileage. The vehicles aren't yet commercially feasible. Honda has said it costs at least \$1 million to build each hydrogen-powered car. There are few hydrogen filling stations in the U.S., limiting the vehicles' range.

Fuel cells, which provide onboard power for the U.S. space shuttles, convert hydrogen to electricity in a chemical process that produces only water vapor as a byproduct. Fuel cells are designed to run for about 200 miles on a fill-up. The fuel cell component will last about 50,000 miles or about 2 ½ years. GM hopes to have 10,000 vehicles on the roads by 2013 and 100,000 by 2015. [The Los Angeles Times](#), September 18, 2006

ANY COLLEGE WILL DO *(All Sectors)*

The college diplomas of the nation's top executives tell an intriguing story: Getting to the corner office has more to do with leadership, talent, and a drive for success than it does with having an undergraduate degree from a prestigious university. Approximately 10% of CEOs currently heading the top 500 companies received undergraduate degrees from Ivy League colleges. What counts most, CEOs say, is the person's capacity to seize opportunities. As students, they recall immersing themselves in their interests, becoming campus leaders and forging strong relationships with teachers. And at state and lesser-known schools, where many were the first in their families to attend college, they sought challenges and mixed with students from diverse backgrounds – an experience that helped them later in their corporate climb.

One explanation why more Ivy League alumni aren't CEOs may be that many have traditionally chosen careers in investment banks and at big law firms, where they can earn big sums of money quickly and where they don't have to start in entry-level management jobs. "A lot of people who earn degrees from tier-one universities and business schools aren't willing to start at the bottom of a huge company and spend years scaling layers of management and hoping to reach the top," says Richard Tedlow, a business historian at Harvard Business School. [The Wall Street Journal](#), September 19, 2006

LOW BID? YOU'RE THE WINNER! *(Marketing, Sales, and Service)*

Auctions in which the highest bid loses may seem like the product of a deranged mind. But for a new startup company called Limbo, it's a brand new business model and a marketing tool for major companies. The winner of each auction, which is conducted by text message, is the person who suggests the lowest unique price. Since Limbo was launched in mid-December, it has run more than 200 such auctions, and the company expects to rake in \$5 million in revenue during the next year.

How? Most of the money comes from media partners like CBS Radio, Fox, and Lifetime, which get charged for running Limbo promotions under their brands. Companies such as Procter & Gamble and Virgin donate their products as prizes. If they wish, they can charge the participants 99 cents per bid, which is split three ways among Limbo, the wireless carriers, and the donating company. But in most cases, it seems, the exposure outweighs the cost. The brand becomes a thing of desire. People start imagining themselves using the product. About 53 percent of Limbo bidders are 18 to 35 years old, advertisers' most coveted demographic. With eight patents pending and \$9 million in funding, Limbo is on a roll. There's nothing like buying an iPod for \$4 and telling your friends about it. [Business 2.0](#), October 2006

USE COUNSELOR-O-MATIC TO HELP CHOOSE A COLLEGE *(All Sectors)*

As the college application process has become increasingly available through the Web, many companies – Princeton Review, the College Board, Kaplan, Thompson Peterson and others – are offering search engines that help students put together a list of colleges to consider. These sites are like a computer dating service, matching students with potentially compatible colleges. Counselor-O-Matic, which is offered by Princeton Review, and other similar sites, are free to students because they are operated by companies that make money from advertising, fees paid by colleges, and the selling of names of prospective students to colleges. With more than 4,000 colleges and universities in the United States, search engines can help narrow the field by provoking students to think about what factors matter to them.

Critics point out those students must realize that search engines are not guidance counselors. They reduce the search to a numbers game and cannot factor in the culture of a campus, the personality of a student, or the more elusive concept of a fit. [The New York Times](#), September 20, 2006

WEARING PANDA FOOD (*Fashion and Interior Design*)

Time was when bamboo was just for stir-frying and panda feed. Now the Chinese grass, which yields 50 times as much fiber per acre as cotton, is used for everything from hardwood flooring to baby clothes. And it's fast becoming the U.S. fabric industry's hot new alternative to cotton. Indeed, \$10 million worth of bamboo textiles will be sold in the United States this year.

A bamboo t-shirt costs about \$7 and is far softer, easier to dye, and better at fighting odor than cotton. Bamboo products are already on the shelves in Target and will be in Nordstrom and J.C. Penney next year. Gap is also researching uses for the fabric. The market potential of bamboo fabric is certain to grow. Bad news for pandas, good news for the maker of polos. Business 2.0, October 2006

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California State Standards for Career and Technical Education (CTE)

Industry Sectors

- | | |
|---|---|
| 1. Agriculture and Natural Resources | 9. Health Science and Medical Technology |
| 2. Arts, Media, and Entertainment Technology | 10. Hospitality, Tourism and Recreation |
| 3. Building Trades and Construction | 11. Information Technology |
| 4. Education, Child Development and Family Services | 12. Manufacturing and Product Development |
| 5. Energy and Utilities | 13. Marketing, Sales, and Service |
| 6. Engineering and Design | 14. Public Services |
| 7. Fashion and Interior Design | 15. Transportation |
| 8. Finance and Business | |

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A publication from the California Association of Regional Occupational Centers and Programs