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Iowa Jobs Increase, But Remain Off Pace Analyst: Long Way to Go for Iowa Jobs Picture

MOUNT VERNON, Iowa (March 4, 2004) – A 2,800-job increase in January gives hope of reversing Iowa’s downward employment trends, an Iowa economist said Thursday.

“After so much bad news about the job picture in Iowa in recent months, it’s great to see a strong month. Still, we have a long way to go,” said Peter Fisher, research director of the Iowa Policy Project. “If this growth holds, we’ll finally be able to chip away at the thousands of jobs lost in the 2001 recession.”

The unemployment rate for January fell from a revised 4.6 percent in December to 4.1 percent in January 2004, the same level as in January 2003. The newly revised figures by the government show an increase from December in Iowans looking for work, but a decline from January 2003.

The January increase in nonfarm employment shows a 5,600-job gain from a year earlier, and reverses back-to-back monthly declines. It leaves Iowa 6,200 jobs short of the employment levels of November 2001, when the last national recession ended, and 26,800 below the March 2001 start of that recession.

Fisher noted that, despite the January uptick in employment, many Iowans who have been unemployed are starting to run out of unemployment insurance. About 2,400 Iowans lost their UI benefits in January due to Congress’ decision against reauthorization of a temporary extended benefits program.

“The recession in Iowa created a 20,000-job hole that remains troublesome,” Fisher said. “There are many Iowans who appear to be trapped in that hole, with less help available to them.”

Key perspectives on Thursday’s employment report for January:

■ Iowa nonfarm payroll employment was 1,447,300 in January 2004, 2,800 ahead of December 2003 and 5,600 ahead of January 2003. It remains 6,200 below the job level of November 2001, the end of the last recession, and 26,800 below March 2001, when the recession began.

■ Iowa’s manufacturing sector had 219,800 employed – up 500 from December and down 2,300 from February 2003.

■ The 4.1 percent January unemployment rate compares with 4.6 percent in December, a figure revised up from 4.4 percent in new government computations.

■ The January labor force was at 1,621,300, up from 1,600,200 in December 2003 but down 1,634,400 from January 2003.

“We should watch those labor force numbers, because they indicate Iowans’ confidence in entering the job market,” Fisher said.

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According to Iowa Workforce Development, 2,449 Iowans exhausted their unemployment insurance benefits in January. They would have been eligible for an extra 13 weeks of benefits under a federal extension that had been in place, but expired in December because Congress did not reauthorize it. In addition, 1,388 Iowans who had been under that program, and remained unemployed, exhausted their benefits in January.

The Iowa Policy Project is a non-profit, non-partisan research organization based in Mount Vernon. The IPP engages scholars at Iowa's public and private colleges and universities to perform research on issues of importance to the citizens of Iowa. IPP reports are available to the public, free of charge, on the web at www.iowapolicyproject.org <<http://www.iowapolicyproject.org/>> .