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Iowa Jobs Well Off Recovery Pace

Three years after recession started, Iowa 27,900 jobs behind

MOUNT VERNON, Iowa (March 25, 2004) – On the third anniversary of the start of the 2001 recession, employment in Iowa remains far below pre-recession levels and job growth is well behind the pace of the 1990s recovery, Iowa economists said Thursday.

Iowa Policy Project analysts made the observations following release of February employment data from the state, which said the unemployment rate held steady at 4.1 percent, while nonfarm employment fell by 900 in the month, the third monthly jobs decline in four months.

Those figures left Iowa still 27,900 jobs behind employment levels in March 2001, at the start of the last recession, and 56,270 jobs behind what would be needed to keep pace with growth in the working age population, which has increased 1.9 percent since March 2001.

“It means, clearly, that as three classes have graduated from high schools and colleges – and another is preparing to do so in the next two months – we haven’t come close to offering enough jobs in this state,” said Peter Fisher, research director of the Iowa Policy Project, adding the popular focus on the unemployment rate can be deceiving.

“If people are leaving Iowa, or not even looking for work because they have given up, that keeps them out of the labor force as defined by the government. Those people won’t show up in the unemployment rate. And the Iowa economy is not offering them opportunities,” Fisher said.

Iowa’s loss of 27,900 nonfarm jobs since the last recession began compares with 47,100 jobs that had been created at this same point (three years) after the previous recession, which began on July 1, 1990.

“This is no way to celebrate an anniversary,” said David Osterberg, executive director of the IPP. “We lost many thousands of jobs in the recession, and we haven’t found our way back.

“The so-called ‘Jobs and Growth’ federal tax cut should by now have created 22,100 jobs in Iowa, from June 2003 to last month. We’re 11,100 short there, too. Today’s numbers demonstrate what it means to talk about a ‘jobless recovery.’”

The seasonally adjusted unemployment rate for February remained at the 4.1 percent rate in January, which compared with 4.3 percent in February 2003 and 3.1 percent when the recession began in March 2001, according to Iowa Workforce Development.

The February nonfarm employment shows a 5,500 increase from a year earlier, and follows a one-month increase of 2,700 after back-to-back monthly declines in November and December.

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Key perspectives on Thursday's employment report for February:

■ Iowa nonfarm payroll employment was 1,446,300 in February, 900 behind January and 5,500 ahead of February 2003. IWD attributed much of the loss in February to a 2,500 decline in trade and transportation, although manufacturing, construction, and education and health services also were down for the month.

■ The nonfarm employment level in February was 27,900 below the number in March 2001 when the recession officially began, and 5,900 below the number in November 2001, when the recession ended.

■ By contrast with the 1990s recovery, Iowa had 47,100 more jobs at this same point, three years after the July 1, 1990, beginning of that recession.

■ Iowa's manufacturing sector employed 218,900 – a decline of 600 from January.

■ The 4.1 percent February unemployment rate compares with 4.1 percent in January, and 4.3 percent in February 2003, and 3.1 percent three years ago.

■ The February labor force was at 1,629,000, up from 1,621,600 in January but down from 1,630,300 in February 2003.

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/>>.

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