
The Iowa Policy Project news release

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FOR IMMEDIATE RELEASE, THURSDAY, JUNE 17, 2004

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Iowa Jobs Drop in May

State Loses 200 Jobs, But More Look for Work

MOUNT VERNON, Iowa (June 17, 2004) A 200-job loss in May kept Iowa's job performance off the pace of economic recovery, economists said Thursday.

The unemployment rate rose to 4.3 percent from 3.9 percent in April, but that was partly due to a 12,600 increase in the number of people looking for work. Although a decline in nonfarm jobs previously reported for April was revised to a show an increase, the May job loss remains the fourth monthly decline in that figure in the last seven months.

"An increase in the number of job-seekers is good news, but the economy isn't producing enough jobs for them in Iowa," said Peter Fisher, research director of the nonpartisan Iowa Policy Project. The organization provides monthly independent analysis of the state's unemployment report.

Fisher noted Iowa needs to net about 3,600 new jobs in each of the last seven months of 2004 just to get back to the job level at the start of the last recession in March 2001.

"We really need to do better in creating nonfarm jobs. We're still 25,000 jobs behind where we were when the recession started. Iowans need to be asking, 'Where's the recovery?'"

Iowa Workforce Development attributed the nonfarm employment declines to construction (700 jobs lost), manufacturing (200) and information (500) industries. The biggest gains were in education and health services, with a 2,200 increase.

Over the year, Iowa has gained 11,900 nonfarm jobs from May 2003, including a 4,900 boost in the finance sector, 4,300 in education and health, and 2,300 in construction. Trade and transportation lost 2,100 over the year, and government dropped by 1,100 jobs.

IPP executive director David Osterberg pointed to the positive outlook from Iowa Workforce Development, despite the job losses.

"I don't think I'd be as thrilled as state officials appear to be about these numbers, although it's nice to see they are paying attention to the number of people looking for work," Osterberg said. "Last month, they ignored a decline in that labor force number to

boast about a lower unemployment rate, which masked more important underlying numbers."

The May numbers also indicate the state is far behind the promise of the federal "Jobs & Growth" tax cut. From June 2003 to May 2004, 30,400 jobs were supposed to have been created in Iowa. So far, the plan has fallen 16,500 jobs short in Iowa. To hit the target, Iowa must gain 5,100 jobs per month for the rest of the year.

Key figures in Thursday's jobs report from the state:

- The unemployment rate rose from 3.9 percent in April to 4.3 percent in May. A year earlier, the rate was 4.5 percent.
- The labor force rose over the month from 1,620,100 to 1,632,700, an increase of 12,600 people working or looking for work. The figure is up by 21,100 from a year earlier.
- Total nonfarm employment fell from a revised April figure of 1,449,400 to 1,449,200 in May, a loss of 200 jobs.
- The nonfarm employment number is up 11,900 from May 2003, but is 25,000 below the level of March 2001, at the start of the last recession.

The Iowa Policy Project is a non-profit, non-partisan research organization based in Mount Vernon. IPP reports are available to the public, free of charge, on the web at www.iowapolicyproject.org.

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