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Iowa Jobs Fall in January Employment Down, Unemployment Rate Hits 5.1 Percent

MOUNT VERNON, Iowa (March 17, 2005) – Iowa’s shaky economic recovery took an employment dive in January, falling by 3,600 nonfarm jobs as the unemployment rate rose to a nearly 17-year high of 5.1 percent.

The unemployment rate, its highest level in Iowa since February 1988, rose from a revised 5 percent in December and 4.6 percent in January 2004. The nonfarm job number was up by 10,600 over January 2004.

“That is really slow job growth for a year, especially when compared with levels before the 2001 recession and even the revised December figures. This is a setback from what already was a slow pace in regaining jobs lost during that recession,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project (IPP).

The one-month 3,600-job decline for January compares with a revised 2004 average of about 1,300 per month – and keeps the state 15,800 jobs behind the level from the March 2001 start of the last recession. To erase that job deficit in 2005, Iowa will need an average monthly gain of more than 1,400 nonfarm jobs from February through December.

Osterberg noted comments from Iowa Workforce Development Director Richard Running that the economy’s performance “was still too weak to take up the slack left over from the jobless recovery.”

“We share the view that this has been a ‘jobless recovery,’” Osterberg said. “Once again, here we are in March, anticipating the graduation of new classes from college and high school, and wondering whether the Iowa economy will offer these new graduates attractive job opportunities. That is the policy issue that needs to be addressed in the light of these numbers.”

The revised figures indicated a slight increase in the monthly job gain over the course of 2004. The new numbers put the overall net gain at 15,300. That converts to a monthly average of 1,300, compared with the previously announced average of about 1,000.

The largest single drop in January came in trade and transportation, down 1,900 for the month after three straight months of growth. Construction jobs fell 1,300 in January after gains in November and December, while government jobs, which have not shown an increase since August, fell by 300.

Increases came in professional and business services, 500; financial activities, 400; and manufacturing, 300.

Key seasonally adjusted numbers following Thursday's release from the state:

■ The unemployment rate rose to 5.1 percent in January from a revised 5.0 percent in December. In January 2004, the rate was 4.6 percent. In March 2001, at the start of the last recession, the rate was 3.1 percent.

■ The labor force fell over the month from 1,628,000 to 1,624,300 – people working or looking for work. The figure is up by 3,600 from a year earlier.

■ Total nonfarm employment fell from 1,461,800 to 1,458,200, a decrease of 3,600 jobs.

■ The nonfarm employment number is up 10,600 from December 2003, but is 15,800 below the level of March 2001, at the start of the last recession.

■ From June 2003 to December 2004, 49,800 jobs were supposed to have been created in Iowa under the federal “Jobs & Growth” tax cut; that plan has fallen 28,200 jobs short in Iowa.

■ IPP reports about job and income trends are on the web at www.iowapolicyproject.org <<http://www.iowapolicyproject.org>>. The Iowa Policy Project is a nonprofit, nonpartisan research organization based in Mount Vernon.

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