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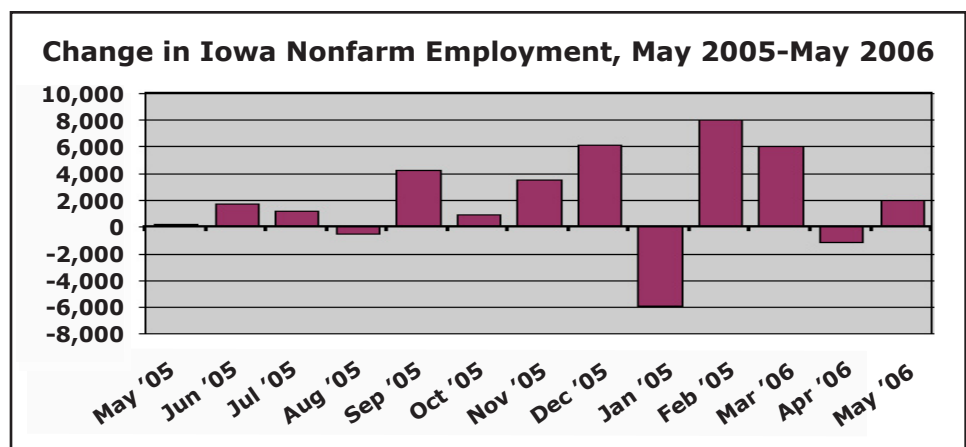
Iowa's Bumpy Road to Recovery

Unemployment Rate Drops to 3.4 Percent in May — Nonfarm Jobs Up Slightly

MOUNT VERNON, Iowa (June 15, 2006) – Iowa nonfarm jobs are keeping a slow, bumpy pace to recovery with state officials predicting a slow pace in the coming months.

Iowa's unemployment rate fell in May to 3.4 percent, down from 3.6 percent in April and continuing a sharp steady drop from 4.4 percent in February. It is now at its lowest level since September 2001.

Nonfarm jobs rose by 2,000 in May to 1,504,700. This followed an 1,100-job decline in April, and kept the state on a pace of about 2,200 net new jobs per month over the past 12 months – just below the monthly pace of 2,300 through 2005.

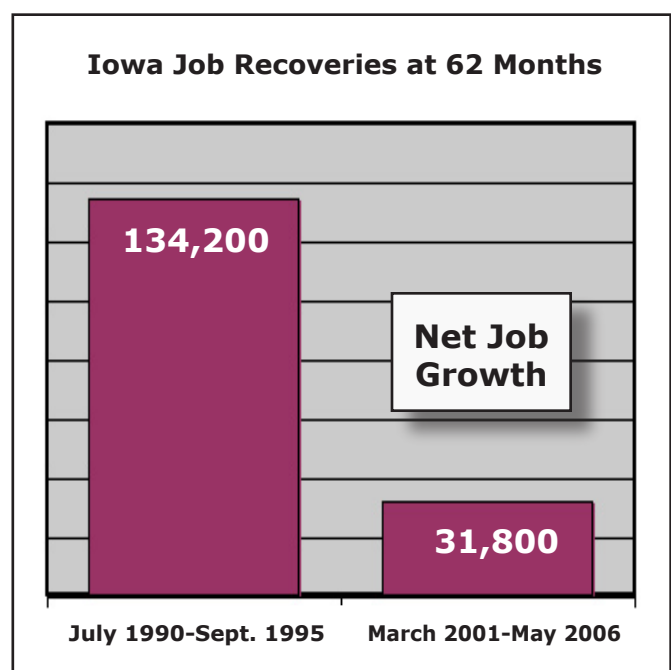


Source: Iowa Workforce Development

“Month to month we see swings up and down,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project (IPP). “The long-term trends are what matter.”

Osterberg noted comments by the interim director of Iowa Workforce Development (IWD), David Neil in the IWD news release Thursday about employment numbers for May. Neil said the state's economy is on “solid footing,” but that job growth is expected to slow in the second half of this year.

“The implication is that this is as good as it gets. Well, that's not very good,” Osterberg said.



IPP Research Associate Elaine Ditsler noted nonfarm jobs remain only 31,800 ahead of the March 2001 start of the recession. At the same 62-month point after the start of the 1990 recession, Iowa had seen an increase of 134,200 payroll jobs.

“This remains a very slow pace for job recovery in comparison to the ’90s,” Ditsler said.

Manufacturing jobs rose by 700 in the month, with trade and transportation up 600, government up 500 and financial activities up 400. Other industry sectors saw changes of 200 or less.

Over the year, construction has shown the biggest gain at 5,200, with increase as well in education and health, 5,000, and manufacturing, 4,800. Information and other services have shown declines of 1,100 and 600, respectively.

Key numbers following Thursday’s release of May employment figures from Iowa Workforce Development and the Bureau of Labor Statistics:

- Total nonfarm employment rose by 2,000 jobs to 1,504,700 in May. The May figure is 900 higher than the previous record of 1,503,800 in March, and is 26,100 higher than in May 2005. It is 31,800 ahead of the level for Iowa nonfarm jobs at the start of the national recession in March 2001.

- The unemployment rate fell to 3.4 percent from 3.6 percent in April.

- The labor force rose by 4,300, to 1,678,500 people working or looking for work.

The Iowa Policy Project (IPP) is a nonprofit, nonpartisan research organization based in Mount Vernon. IPP reports about job and income trends are on the web at www.iowapolicyproject.org.

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