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Mixed Job Signals After Iowa Floods Jobless Rate Bounces Up to 4.3 Percent in July — 35-Month High

IOWA CITY, Iowa (August 15, 2008) — Nonfarm jobs rose slightly in July in the wake of massive flooding that hit Iowa in June, but the state's unemployment rate jumped to 4.3 percent, its highest mark in nearly three years.

A 400-job boost in Iowa payrolls eased the nonfarm job picture, as did a revision that reduced the previously reported decline for June. Still, the survey of Iowa's payrolls shows a net decline of 200 jobs over the last six months.

"It's true, as state officials are saying, that we have not seen what they call 'substantial job erosion,' but we are nevertheless seeing erosion in Iowa's job fortunes," said David Osterberg, executive director of the nonpartisan Iowa Policy Project, which tracks Iowa job trends. "These numbers today actually are a little better than what the state reported last month, but it's hard to get around the fact that they're not good — as the unemployment rate shows."

The unemployment rate rose in July to a 35-month high of 4.3 percent from 4.0 percent in June. The rate, based on a separate household survey, estimated 72,500 Iowans were unemployed, up from 66,900 in June.

"That's a big jump for one month," Osterberg said. "It makes sense that — as the state suggests — business disruptions due to flooding are partly to blame for that increase, so we don't know how lasting an impact we will see."

"It is notable that the last time the jobless rate was at 4.3 percent, in August 2005, the rate was steadily coming down in Iowa. What we've been seeing in Iowa in recent months is a steady rise in the unemployment rate, which was 3.4 percent as recently as March."

The jobless rate stood at 3.8 percent in July 2007.

Iowa nonfarm jobs in July stood at 1,524,200 — only 6,800 ahead of July 2007 — or an average monthly gain of about 600 over the past 12 months.

"Jobs actually declined in five of those 12 months, so we are looking for some stability that may be difficult to find in these months following the floods," Osterberg said.

The payroll survey of employers showed July increases of 600 in two categories: trade, transportation and utilities, and education and health services. Along with smaller gains in financial activities (300) and government jobs (200), they offset job drops in professional and business services (400), construction (300), manufacturing (200), information (200), leisure and hospitality (100), and other services (100).

The Iowa Policy Project (IPP) is a nonpartisan, nonprofit research and policy analysis organization based in Mount Vernon, with its principal office in Iowa City. IPP reports on job trends and other public policy issues facing Iowa are at <http://www.iowapolicyproject.org>.

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