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Iowa Jobs: Growth in Two Directions Nonfarm Jobs Rise — But Jobless Rate Leaps to 42-Month High

IOWA CITY, Iowa (Sept. 23, 2008) — Service sectors propped up Iowa’s struggling job market as the unemployment rate reached a 42-month high at 4.6 percent in August, but payrolls gained for the second straight month.

“The long-term trends remain more important than the spike in the jobless rate or the slight increase in nonfarm jobs, and those trends show continuing weakness,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project, which tracks Iowa job trends.

“Our job performance in Iowa remains up-and-down — four of the eight months of 2008 have shown increases, and the other half declines. We’ve averaged a net increase of 400 jobs in the last six months and 700 a month this year. That is not strong growth.”

The 2,000-job net boost in Iowa payrolls (nonfarm jobs) showed gains or stable numbers in every category except mining and leisure/hospitality, both dropping 100 jobs. Two sectors, education and health services, and trade, transportation and utilities, rose by 600 each while professional and business services rose by 400 and financial activities gained by 300.

Iowa nonfarm jobs in August stood at 1,526,400 — only 6,900 ahead of August 2007.

The unemployment rate has jumped six-tenths of a percentage point in two months, going from 4.0 in June to 4.3 percent in July and 4.6 percent in August, its highest since reaching that level in February 2005. The rate stood at 3.8 percent in August 2007. All figures are seasonally adjusted.

Nonfarm jobs are estimated from a payroll survey, while the unemployment rate is figured from a smaller household survey, which suggested more people were looking for work. The labor force — Iowans working or looking for work — grew to 1,682,400, an increase of 4,900 in one month, while total employment rose by only 300 jobs, and unemployment rose by 4,500.

“Almost as many new people reported being unemployed as reported they were looking for work,” Osterberg said. “The job market was not expanding to meet the demand.”

Jobless to 5 Percent Range in Several Iowa Cities

Unemployment in several Iowa cities rose above or was bumping against the 5 percent mark in August, jumping by about half of a percentage point or more.

Iowa Workforce Development on Tuesday reported changes from July to August (not seasonally adjusted). Selected cities from the IWD report (July 2008, August 2008)

■ Burlington	5.8%	6.2%
■ Cedar Rapids	4.4%	4.9%
■ Clinton	4.3%	4.9%
■ Davenport	4.1%	4.9%
■ Des Moines	4.2%	4.8%
■ Marshalltown	4.4%	5.0%
■ Mason City	4.5%	5.1%
■ Ottumwa	4.6%	5.2%
■ Waterloo	4.4%	4.9%

Several of those cities were hit by flooding this summer, including Burlington, Cedar Rapids, Waterloo, Davenport and Mason City.

“What remains uncertain is the impact of June flooding on these numbers. Growth has not been strong in recent years even without the floods.”

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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