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Iowa Jobs Show Need for Quick Stimulus Jobless Rate Rises Despite Slight One-Month Boost in Nonfarm Jobs

IOWA CITY, Iowa (March 11, 2009) —A slight uptick in January softened a harsh end to 2008 in Iowa’s job climate, but the unemployment rate crept upward to 4.8 percent – almost a point higher than a year earlier.

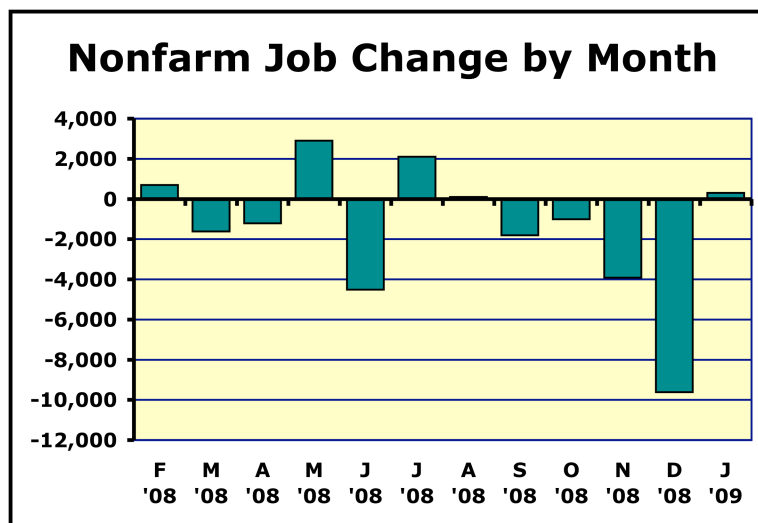
“Today’s announcement only fuels the need for our state’s leaders to move quickly on putting federal recovery money to work in our state,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project (IPP), which tracks state job trends. “As the Iowa Fiscal Partnership has pointed out, state and local budget cuts will only compound the challenges for our economy and, if not averted, could cause additional layoffs.

“As more hard-pressed working families need services from the state in such a serious economic crunch, we need to make sure we’re giving those stimulus funds from the federal government a chance to do what they’re supposed to do: pick up our economy, and meet Iowans’ needs.”

Wednesday’s figures from Iowa Workforce Development for January included revisions in nonfarm job numbers for all of 2008, including a worse December, a loss of 9,600 jobs, than the 7,800 drop previously reported. IWD reported a 300-job increase in January, ending a four-month string of job losses. Figures for February are expected later this month.

The new figures also showed the average change during 2008 — a drop of 1,000 jobs per month — was worse than the 600-per-month average estimated previously. Overall, nonfarm jobs were down 17,500 in January from a year earlier.

“These revised figures confirm that we had our first net job loss over a year since 2002, the year immediately following the last recession. It’s not a good sign for what we might have coming for this year,” said Peter Fisher, IPP research director.



Fisher also cautioned that the slight uptick in January nonfarm jobs should not be taken as a sign that the state economy hit bottom in December and is on the mend. Employment typically lags other economic trends, and since those trends are still downward at the national level, Iowa should probably expect more job losses in the months to come.

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Iowa legislators are expected to be moving soon on a FY2010 state budget, as they await new revenue estimates next week.

“We must emphasize: This is a time to use those stimulus funds and not set them aside for later. They are needed now, and that’s the way they’re intended to be used,” Fisher said.

IPP analysts also noted proposals to modernize unemployment insurance in Iowa, giving more workers access to benefits they have earned, is another way of taking advantage of funds made available in the federal stimulus legislation.

The state’s unemployment rate, measured in a household survey apart from the payroll survey that measures nonfarm jobs, rose to 4.8 percent from a revised December rate of 4.4 percent, and stood well above the 3.9 percent of January 2008.

The figures announced by IWD do not include all recently announced layoffs around the state.

The new figures from Iowa Workforce Development found the biggest job declines in January came in manufacturing, which fell by 3,200, along with 900-job drops in both construction and government. What IWD termed as “unexpected gains” in trade and transportation boosted the January numbers above the break-even point, as that category, which also includes utility jobs, rose by 4,000 for the month.

Other notable changes were increases of 600 each in professional and business services, and in education and health services. There were smaller changes in other categories.

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> <<http://www.iowapolicyproject.org/>>.

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