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## Red Flag: Stimulus Needed as Jobs Decline Jobless Rate to 4.9 Percent; Fifth Nonfarm Jobs Drop in Six Months

IOWA CITY, Iowa (March 24, 2009) — A 6,900-job drop in Iowa nonfarm jobs, the fifth decline in six months, shows Iowa policymakers should move quickly to get federal recovery funds into the Iowa economy.

“Now that state legislators and the Governor have new revenue estimates and a better handle on how they can use federal stimulus funds, they can move forward,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project (IPP), which tracks state job trends.

“Today’s report from Iowa Workforce Development shows why lawmakers need to be cautious about cutting budgets. Cuts will lead to more layoffs — and that will hurt the economy more. Cuts need to be a last resort, after using stimulus funds, and after looking seriously at available reserves.”

Tuesday’s figures from Iowa Workforce Development (IWD) for February showed nonfarm jobs have dropped by 22,400 over the past 12 months. An 8,400 drop in manufacturing jobs led the way in February, with that sector dropping 20,000 jobs in 12 months. Other than a 3,000-job increase in January, Iowa lost nonfarm jobs in each month since September, with three losses at 3,900 or more.

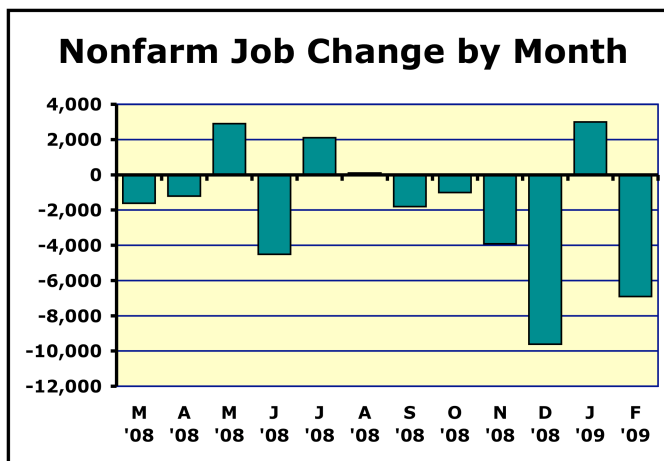
The unemployment rate rose from 4.8 percent to 4.9 percent during the month, a full percentage point higher than in February 2008.

Osterberg, in noting the need to move quickly on stimulus funds provided under the American Recovery and Reinvestment Act (ARRA) signed last month by President Obama, said legislators already had shown their understanding of that issue with approval of legislation to modernize unemployment insurance in Iowa.

“Governor Culver is signing that bill on Wednesday, making Iowa the first state to take the necessary steps to gain full access to additional unemployment funds through ARRA,” he said.

“This legislation gives more workers access to benefits they have earned, and will help get stimulus funds moving in the economy.”

Besides the manufacturing decline in February, IWD reported job drops of 1,500 in professional and business services, and 1,100 in financial activities. The biggest gain was 1,400 in trade, transportation and utilities, with all other sectors showing increases of between 100 and 600.



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Since February 2008, manufacturing showed a 20,000-job loss, with declines of 9,400 in professional and business services, 1,900 in construction, 1,000 in financial activities, 700 in leisure in hospitality, and 600 in information. Gains over the year included 4,400 in education and health services, 3,600 in trade, transportation and utilities, and 2,600 in government. Other services gained by 600, while mining was unchanged.

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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