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Iowa Jobs Falling Fast in 2009 Jobless Rate Hits 5.2 Percent; Nonfarm Jobs Dropping Sharply

IOWA CITY, Iowa (April 17, 2009) — Iowa's unemployment rate hit 5.2 percent in March, its highest point in over 21 years, while nonfarm jobs fell to their lowest point in over three years.

"This is no time for the state to be cutting back on its commitment to people in need. We need to look for sensible ways to help rejuvenate the economy," said David Osterberg, executive director of the nonpartisan Iowa Policy Project (IPP), which tracks Iowa job trends and analyzes fiscal and economic policy.

"The private sector isn't providing the boost at this time; the public sector needs to step in," Osterberg added.

The March figures from Iowa Workforce Development (IWD) show the seasonally adjusted unemployment rate rose in March to 5.2 percent, from 4.9 percent in February, and 3.9 percent a year earlier. March marked the first time since March of 1988 that the rate had been at 5 percent. The rate had not been at 5.2 percent since December 1987.

Nonfarm jobs, seasonally adjusted, fell below 1.5 million for the first time since February 2006. At 1,493,400 in March, they were down 10,700 from February, 32,400 from March 2009, and stood at their lowest point since December 2005 (1,489,900).

IPP Research Associate Beth Pearson noted the comment from IWD Director Elisabeth Buck, that the March figures indicate a turnaround "is not likely to occur in the near future." Nonfarm jobs were 32,400 below where they were a year earlier.

"This was the sixth month out of the last seven that payroll jobs declined in Iowa," Pearson said. "This contributes to both parts of a difficult combination: declining state revenues at the same time we have more Iowans needing important services."

Osterberg said Iowans need to understand that spending to provide those services will help the local and state economy.

"To find the funds to keep up total spending, the state should use all available federal stimulus dollars, bond for some limited construction, and make sure tax breaks for business are on the chopping block as much as direct spending. The state needs to keep up spending on programs for the unemployed and others affected by this slowdown," Osterberg said.

Almost all sectors declined in March, the largest declines coming in construction (2,900) and professional and business services (2,700), with notable declines as well in leisure and hospitality (1,700), trade, transportation and utilities (1,400), other services (1,100) and manufacturing (900). The only increase came in financial activities, 400 jobs in March.

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Over the year, a decline of 20,400 manufacturing jobs contributed to the 32,400 drop since March 2008. Professional and business services were down 10,500. Three categories posted gains over the 12 months: education and health services, 3,900; government, 1,300; and trade, transportation and utilities, 700.

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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