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Positive Signs Modest in New Jobs Report Analysts: New Jobs Dwarfed by Big Deficit in Iowa Employment

MOUNT VERNON, Iowa (Nov. 20, 2003) – An 800-job increase in Iowa and a slight dip in the unemployment rate to 4.5 percent are positive signs, but offer only modest prospects of a meaningful economic recovery in the state, an Iowa economist said today.

The October figures released today by Iowa Workforce Development also show Iowa has 1.447 million nonfarm jobs - 26,900 fewer jobs than at the start of the last recession, in March 2001.

"We are way short of what we need to undo the damage of the recession," said Peter Fisher, research director of the Iowa Policy Project.

The Iowa Policy Project analyzed the new data in cooperation with the Economic Policy Institute in Washington, D.C.

According to estimates from EPI, Iowa needed to add 25,900 jobs in the months since March 2001 just to keep pace with its 1.7 percent growth in the working-age population. Actual job losses have resulted in a net jobs deficit of 52,800. (See related table.)

"We aren't even close yet to seeing enough jobs even for people who were already working," IPP executive director David Osterberg said. "Besides that, three graduating classes have entered the work force. Where are their jobs?"

Key figures from today's release from the government:

- Iowa's nonfarm payroll employment stood at 1,447,200 in October 2003, up from 1,446,400 a month earlier but still slightly below the 1,447,300 of October 2002. In March 2001, at the start of the last recession, Iowa's total stood at 1,474,100.
- The 4.5 percent October unemployment rate, while down from 4.6 percent in September, remains significantly above the rate of 3.1 percent in March 2001 at the start of the recession. It also compares with 4.2 percent in October 2002.
- The total number of unemployed Iowans decreased by 100, to 74,000, between September 2003 and October 2003.

New numbers from EPI also show high-quality jobs in Iowa's manufacturing and information sectors have been especially hard-hit since March 2001. About 24,400 fewer jobs exist in Iowa manufacturing, and 3,400 in information. Gains primarily have come in service sectors.

"This is the third straight month that Iowa has added jobs instead of lost them and we should be pleased about that," Osterberg said. "As always, however, we need to keep examining what kinds of jobs are being created and what jobs are being lost. And as we can see, we still need more high-quality jobs to keep Iowans in the state."

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Fisher noted it also is useful to compare the employment situation coming out of the 2001 recession with the state's situation following the 1990s recession. While Iowa is down 26,900 jobs since the start of the 2001 recession, Iowa had gained 36,100 jobs by the same point - 31 months - after the start of the 1990s recession.

The Iowa Policy Project is a non-profit, non-partisan research organization based in Mount Vernon. The IPP engages scholars at Iowa's public and private colleges and universities to perform research on issues of importance to the citizens of Iowa. IPP reports are available to the public, free of charge, on the web at www.iowapolicyproject.org.

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To view reports from the Iowa Policy Project, see <http://www.iowapolicyproject.org>.
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