

318 2nd Ave. N • Mount Vernon, IA 52314

www.iowapolicyproject.org

FOR IMMEDIATE RELEASE, THURSDAY, DEC. 18, 2003

CONTACT: Mike Owen (319) 643-3628 or ipp@lcom.net

EDITORS: Note sidebar on loss of unemployment benefits for long-term unemployed, below employment report story.

Iowa Jobs Dip in November Analysts See Lingering Effects of Recession

MOUNT VERNON, Iowa (Dec. 18, 2003) – A 1,700-job loss in November ended a three-month string of modest employment gains, keeping Iowa in an employment deficit two years after the official end of the last recession, analysts noted today.

At the same time, the government reported today that Iowa's unemployment rate fell to 4.2 percent, from 4.5 percent in October – which one analyst noted does not necessarily carry good news, because of the employment drop. The labor force declined by 8,375 in November, according to Iowa Workforce Development.

“What we're seeing is people leaving the work force,” said Peter Fisher, research director of the nonpartisan Iowa Policy Project, which analyzed the new figures in cooperation with the Economic Policy Institute in Washington, D.C. “The most likely explanation is that workers are discouraged and have stopped looking for work. Another is that they're leaving the state – and either explanation is bad news for Iowa's economy.

“Iowans may be asking when they'll see the recovery that has been promised. On the two-year anniversary of the end of a recession, Iowa faces a significant job shortage, historically high unemployment and continued weakness in manufacturing jobs.”

The new figures present a long-term challenge for the Iowa economy, according to Fisher. Iowa had 7,500 fewer jobs in November 2003 than in November 2001, when the recession officially ended – a decline of half a percent. By contrast, at the two-year anniversary of the end of the 1990 recession, Iowa had gained 2.6 percent in nonfarm payroll employment.

In 2003, two years after a recession, not only is the job picture more bleak, but many long-term unemployed will lose benefits as of Sunday, with expiration of a federal temporary unemployment compensation program.

“The Grinch has arrived just in time for Christmas with an unfortunate message for about 17,000 Iowans receiving unemployment compensation: ‘Your benefits have just been terminated,’” Fisher said.

Key perspectives on today's employment report:

- Iowa nonfarm payroll employment was 1,446,000 in November 2003, down from 1,447,700 a month earlier.

- In November 2001, at the end of the last recession, Iowa's nonfarm jobs stood at 1,453,500. In March 2001, at the start of that recession, Iowa's total stood at 1,474,100.

— more —

- Iowa's manufacturing sector recorded 222,200 jobs – a 200-job increase over October. The number of manufacturing jobs is still 3,700 fewer than in November 2002 and 8,200 fewer than when the recession ended in November 2001.
- The total number of unemployed Iowans decreased by 5,935 to 68,100 between October 2003 and November 2003.
- Today's numbers for November are mixed in comparison with those of a year ago. In November 2002, nonfarm payroll employment was lower than this year at 1,445,900, and the unemployment rate stood at 4.1 percent.
- The 4.2 percent November unemployment rate, while down from 4.5 percent in October, remains significantly above the rate of 3.1 percent in March 2001 at the start of the recession, and above the 3.7 percent in November 2001, when the recession ended.

“We're still nowhere near our job levels at the end of the recession, which says a lot about the quality of any perceived economic recovery in Iowa,” said David Osterberg, executive director of the Iowa Policy Project. “We're even further behind where we were before that recession started – and that's not even accounting for the number of jobs we would have needed to keep pace with the working-age population.”

In order just to keep pace with the growth in the working-age population since November 2001, EPI estimates Iowa would need about 27,856 more jobs than it has today.

“We can't forget that three graduating classes have entered the work force since the last recession started, and we're not supplying enough jobs yet even for the people who already were working,” Osterberg said.

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.

— 30 —

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

For other information or an interview with Peter Fisher, contact Mike Owen at (319) 643-3628 or ipp@Lcom.net.