

The Iowa Policy Project

FOR IMMEDIATE RELEASE, THURSDAY, JAN. 22, 2004

CONTACT: Mike Owen (319) 643-3628 office, (319) 400-1108 mobile after 3 p.m., or ipp@Lcom.net

EDITORS, NEWS DIRECTORS: Peter Fisher is available for interviews at (319) 338-1494

Iowa jobs fall for second straight month

Analyst: Signs of instability in Iowa economy

MOUNT VERNON, Iowa (Jan. 22, 2004) A 2,500-job loss in December points to continued instability in the Iowa job picture as the number of Iowans employed and those looking for work declined for the second straight month, an Iowa economist said Thursday.

The back-to-back declines come at the same time an analysis from the Economic Policy Institute shows that while Iowa experienced a net job loss in the two years from the end of the 2001 recession, Iowans also are losing better paying jobs while gaining lower paying jobs. The industries that have gained jobs pay about \$5,859 less on average than the industries losing jobs.

Along with a rise in the unemployment rate to 4.4 percent in December from 4.2 percent the previous month, Iowa is sinking further in its employment deficit since the November 2001 end of the national recession. The number of people looking for work fell by 2,800 from November to December.

"Job levels are about 11,000 below what they were when the recession ended," said Peter Fisher, research director of the Iowa Policy Project. "Hopes aren't panning out that the federal tax cuts would create the expected 16,600 jobs in the state from June to December. Iowa actually lost 2,400 jobs in those six months."

The federal "Jobs and Growth" tax cut was supposed to have created an additional 510,000 jobs nationally in the second half of 2003, according to the White House press release of April 15, 2003. About 16,600 of those jobs should have been in Iowa, according to estimates from the Economic Policy Institute. Iowa's seasonally adjusted nonfarm employment of 1,442,800 in December compared with a 1,445,200 level in June. It was down 700 from a year earlier.

"We are continuing to see people leave the Iowa work force, which indicates they are either leaving the state, or too discouraged to keep looking for work," Fisher said.

Key perspectives on today's employment report for last month:

-- Iowa nonfarm payroll employment was 1,442,800 in December 2003, down from 1,445,300 in November. It has dipped further below the 1,453,500 level of November 2001, the end of the last recession. At the start of that recession, in March 2001, Iowa's total stood at 1,474,100.

-- Iowa's manufacturing sector had 220,700 employed down 800 from November and 4,300 from a year earlier.

-- The total number of unemployed Iowans rose 2,800 in one month, to 71,200 in December. That is 1,400 above December 2002.

-- The 4.4 percent December unemployment rate compares with 4.2 percent in November, and 4.2 percent in December 2002. It 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 at the end.

-- The December 2003 labor force stood at 1,633,200, down 2,800 from November and down 43,900 from December 2002.

"In just one year, we have nearly 44,000 fewer Iowans in the labor market, according to the latest figures," Fisher said.

In terms of pay, the EPI report indicates Iowans who find work are finding it in lower-paying positions. The report found that average salaries in Iowa industries that gained jobs in the two years after the recession were \$29,141, compared with \$35,000 in industries that lost jobs. It found a similar trend in the one year from November 2002 to November 2003; industries that gained jobs averaged \$27,793 salaries, while industries that lost jobs averaged \$31,084.

"Even as we're losing jobs, there's a shift from higher paying to lower paying industries," Fisher 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 <<http://www.iowapolicyproject.org>> .

-- 30 --

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