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## Iowa Jobs Down Again in April Unemployment Rate Drop Masks Continuing Employment Shortfall

MOUNT VERNON, Iowa (May 20, 2004) – Iowa job numbers dropped sharply in April, putting the state further below pre-recession job levels, economists said Thursday.

While the state said the Iowa unemployment rate dipped to 3.9 percent in April after three straight months at 4.1 percent, nonfarm employment fell by 1,400. Iowa Policy Project analysts – noting the job loss – attributed the decline in the jobless rate to a 3,100 drop in the labor force.

Iowa was 27,700 nonfarm jobs behind employment levels in March 2001, at the start of the last recession. The April drop in employment was the fourth monthly decline in the last six months.

David Osterberg, executive director of the Iowa Policy Project, took issue with the official statement from Iowa Workforce Development that the April jobless rate was “another positive sign that the Iowa economy is getting back on track.”

“There is simply nothing to suggest that there is good news here. People are leaving the job market, fewer are employed and the state has a growing jobs deficit,” Osterberg said.

IPP Research Director Peter Fisher said that without the 3,100 drop in the labor force, the unemployment rate would have remained at 4.1 percent.

“The drop in the unemployment rate came not because more Iowans found jobs, but because more Iowans quit looking for jobs, and so were no longer counted as unemployed,” Fisher said. “We need to see Iowa participating better in job growth that appears to be happening elsewhere, but we also need quality jobs, and growth in that category is hard to find anywhere.”

Fisher pointed to recent studies by the Economic Policy Institute in Washington that illustrate a shift toward lower-quality jobs nationally, both in terms of pay and health-care benefits provided. EPI’s most recent report showed that Iowa is among 45 states where jobs since the start of the 2001 recession have shifted to industries that, on average, cover a smaller share of their workers with health insurance.

The report, available on the web at [www.epinet.org](http://www.epinet.org), showed about 56 percent of Iowans received health insurance from their employer in 2002, with 52 percent reporting coverage in industries that increased their share of Iowa employment from March 2001 to March 2004, and 69.6 percent reporting coverage in industries that decreased their share of Iowa jobs.

An earlier, separate analysis by EPI showed that jobs in growth industries in Iowa averaged \$29,484 in pay, compared with \$36,149 for the declining industries – a drop-off of 18 percent.

By industry, job declines over the year were in manufacturing, transportation/utilities, wholesale trade, information services and professional and business services. Those industries, according to the EPI report on health-care coverage, also were industries that provided some coverage in 2002 to between 52 percent and 74 percent of employees.

By contrast, job increases over the year were mainly in financial activities, construction, education/health services, leisure/hospitality services, and to a lesser degree in other services, government and natural resources/mining. Of those industries, only government, education/health services and financial activities provided half or more of their employees with some health insurance.

Key figures in Thursday's jobs report from the state:

- The unemployment rate fell from 4.1 percent in March to 3.9 percent in April. A year earlier, the rate was 4.4 percent.
- The labor force fell over the month from 1,622,200 to 1,619,100, a decline of 3,100 people working or looking for work. The figure is up by 700 from a year earlier.
- Total nonfarm employment fell from a revised March figure of 1,447,900 to 1,446,500 in April, a loss of 1,400 jobs.
- The nonfarm employment number is up 8,400 from April 2003, but is 27,700 below the level of March 2001, at the start of the last recession.

The Iowa Policy Project is a non-profit, non-partisan research organization based in Mount Vernon. IPP reports are available to the public, free of charge, on the web at [www.iowapolicyproject.org](http://www.iowapolicyproject.org).

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